

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Up and Up: Altice USA Slowly Turning Ship Around

Altice USA is slowing down its broadband losses as it pushes forward on fiber. Broadband net losses for 3Q23 were 31,000 while fiber customer net additions were 45,000, meaning this was the company's best quarter for fiber net adds. That growth came from a mix of new customers and increased migrations of existing customers, and Altice USA now has 295,000 total fiber broadband customers as of the end of the third quarter. **Optimum** added 61,000 FTTH passings in the quarter, giving the company 2.72 million passings.

CFO *Marc Sirota* said on the company's 3Q23 earnings call that Optimum is also winning more competitive battles than it did before, and much of that can be attributed to a stronger competitive approach against fixed wireless, DSL and legacy fiber providers within the company's footprint. Sirota also said sales performance across all channels has improved across the board, and Altice USA's shifts in its marketing and advertising to highlight its network and product superiority are working to attract attention from prospective customers.

Early next year, Altice USA also plans to simplify its pricing to score even more wins with customers. A revamped fiber rate card will be rolled out in the first half of the year that leadership said will reduce rates for new and existing customers. New rates will also be rolled out for new HFC customers next year and existing HFC customers will be rolled over to new rate cards over time to ensure adjustments are fair and to preserve revenue. Some lower speed

tiers will be retired as those rate cards are introduced.

"The new rate card is all about simplicity, transparency and predictability, and so as we move forward, we really want to be able to reduce the complexity for our customers," CEO *Dennis Mathew* said. "This will reduce the delta between roadside offers that are in the marketplace versus rate card. But we do believe we have the right offers in market today, and we have a great value."

Approximately 23% of the residential broadband customer base is currently taking speeds of 1 gig or higher, and Altice USA is investing significantly in ensuring that its customers have quality service and support all the time. It is successfully pushing self-installs across its footprint with the number of self-installs for qualified new customers increasing by 71% YOY. Altice USA has also expanded its digital and self-service tools, and its text message communication to customers rose by 19% while its chatbot service saw a 51% increase in use. Over the last 12 months, it has seen 300,000 fewer truck rolls and 1.3 million fewer inbound calls.

Mathew is optimistic that these improvements on the customer experience front will lead the company to a place of broadband subscriber growth and sustainability, but he isn't committing to reaching that point by the end of 2023. "We're seeing all the right trends, especially as we look at our KPIs. We're focused on delivering a great customer experience and so as we look at NPS and the improvements we've seen there, reduced contact rates, reduced service visit rates, these are all leading metrics that we know are going to help us have a healthier business and a healthier foundation," he said.



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- SATURDAY, DECEMBER 16TH -

Each December on National Wreaths Across America Day, our mission to Remember, Honor and Teach is carried out by coordinating wreath-laying ceremonies at Arlington National Cemetery and more than 4,000 additional locations in all 50 U.S. states, at sea and abroad.

Join us by sponsoring a veterans' wreath at a cemetery near you, volunteering or donating to a local sponsorship group.

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Altice USA previously announced that it was temporarily slowing its fiber construction as it evaluated certain vendor relationships, and it has begun redesigning many of its vendor onboarding, performance and monitoring procedures since then. At this point, its internal investigation is substantially complete, and it expects to reach approximately 600,000 fiber passings for the full year.

Optimum Mobile is growing steadily, adding 24,000 net additions in its third straight quarter of growth. It has now reached 6.3% penetration of the company's total broadband customer base, and Mathews said the provider is planning to launch mobile for B2B customers. Altice USA lost 77,600 video customers in 3Q23, but approximately half of the company's customers are still taking a video product and Altice USA is still committed to improving what it can offer to its subscribers on that front. That may mean some tough negotiations down the line with Mathew strongly criticizing the product as it exists today.

"The model is broken," Mathew said. "Costs for linear have continued to rise and us as distributors need to find a way to work with our programming partners to put the customer at the center. We need to give them great value, we need to give them the right content... Those will be part of our conversations as we go forward—that we need to put the customer at the center and there needs to be a business model that is a win-win."

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DISNEY PURCHASING NBCU'S HULU SHARE FOR \$8.61 BILLION

It was expected, but it's finally official—**Disney** will acquire **Comcast NBCUniversal's** 33% stake in **Hulu** for approximately \$8.61 billion. Disney will have to pay that figure, which was determined by looking at the \$27.5 billion guaranteed floor value the pair agreed to in 2019 minus anticipated outstanding capital call contributions payable by NBCU to Disney, by Dec. 1. Moving forward, there is still an appraisal process that must be done to assess Hulu's equity fair value as of Sept. 30. If the value is ultimately determined to be greater than that guaranteed floor value, Disney will pay NBCU its percentage of the difference. The timing of that appraisal is to be determined, but Disney expects it will be completed during the 2024 calendar year.

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FRONTIER SCORES FIBER WINS

Frontier is pushing forward in its transformation efforts, adding 79,000 new fiber broadband customers in 3Q23. It also passed 332,000 new fiber locations in the quarter, and CEO *Nick Jeffery* said on the company's earnings call Wednesday that it has a clear pathway to fully fund its initial fiber build to 10 million locations. Revenue of \$1.44 billion was a 0.6% de-

The WHO and the WHY

CFX's spotlight on recent new hires & promotions



JENNIFER
Garrett
CMO
OPTIMUM

3 THINGS TO KNOW

- After 2.5 years as Head of Marketing for Spectrum Enterprise, Jennifer joined the Optimum family in late October. She'll be based out of the company's headquarters in Long Island City, New York, and report to Chief Growth Officer Leroy Williams.
- Her responsibilities include strengthening the Optimum brand and value proposition through campaigns and an evolved brand platform. Jennifer will also oversee Optimum's acquisition, customer base management and retention lifecycle programs, as well as utilizing all marketing channels to drive awareness toward Optimum's products and services.
- Jennifer boasts more than two decades' worth of experience in customer base management and marketing in the telecommunications space. She was under the Charter umbrella for nearly six years, and before that was with Cox Communications for 11 years in a variety of sales and marketing leadership roles. Outside of work, Jennifer is a volunteer builder for Habitat for Humanity and previously sat on the Board of Directors for The Hambidge Center for Arts and Sciences.

cline YOY as that growth in fiber-based products was offset by drops across Frontier's copper-based products, but leadership expects to see that trend reverse as the company continues to push customers off of copper and onto its emerging products and services. It is also more confident than ever that it can continue to convince its competitors' subscribers to switch to its product set. "We have a superior product. We have now superior customer experience versus our competitors and we have a favorable market structure," CFO *Scott Beasley* said. "As you can see from our customer net add numbers, customers are increasingly choosing fiber versus a cable alternative and we think that will continue." Through it all, Frontier's investments in digital and automation are also spurring massive savings and it is on track to achieve \$500 million in cost savings, double its initial target, by the end of the year.

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FCC BRINGS NOI TO UP MINIMUM BROADBAND SPEED THRESHOLD

The **FCC** is officially looking to increase the minimum broadband speed benchmark, announcing plans to launch a Notice of Inquiry

into the state of broadband across the country. It proposes to raise the national fixed broadband speed threshold from 25 Mbps download/3 Mbps upload to 100/20. "This standard is not only outdated, it masks the extent to which low-income neighborhoods and rural communities are being left offline and left behind," Chair *Jessica Rosenworcel* said in a statement. "In order to get big things done, it is essential to set big goals." The NOI also seeks comment on setting a separate national goal of 1 Gbps download/500 Mbps upload. This will be the first inquiry to use data from the revamped Broadband Data Collection, and it has asked questions about how improvements to the data collection may impact broadband standards and inform conclusions about broadband availability.

NTIA LOOSENS BEAD LETTER OF CREDIT REQUIREMENT

NTIA has heard the concerns around the BEAD program's letter of credit requirements, and it is now making some exceptions to its rules. The agency released a waiver Wednesday modifying those requirements in a number of ways, including allowing subgrantees to submit letters of credit from some credit unions. Subgrantees will also be allowed to provide a performance bond equal to 100% of the subaward amount in lieu of a letter of credit, and states and territories will be allowed to reduce the letter of credit obligation over time as subgrantees meet deployment milestones. "States and territories are also free to request waivers for additional circumstances not covered by this programmatic waiver where prospective subgrantees are able to meet the requirements under the NOFO by other means," NTIA said in a blog post. "Achieving Internet for All requires a whole-of-nation approach at every step, and we will continue to collaborate as we implement this historic initiative." The agency said it will continue to monitor the implementation of the letter of credit requirement and is open to providing additional guidance, as needed, in the future.

POWELL SLAMS FCC OVER TITLE II PUSH

NCTA President/CEO *Michael Powell* has huge concerns about the FCC's latest push to return to a Title II regulatory regime for broadband, and he worries that such a move will keep providers from participating in BEAD and other programs that could close the digital divide. In a [blog post](#) titled "Net Fatality: The FCC is About to Blow Our Best Change to Have Internet for All," Powell warned the government and lobbyists that adding more regulatory uncertainty and roadblocks for providers will do nothing to encourage long-term private network investment. He also echoed the words of other critics, saying that there has not been any evidence of blocking or throttling in the years without Title II regulation and that wireless and wired networks have only increased their speeds and lowered prices for service. "The government needs to think long and hard about the choices it makes," Powell said. "While reviving net

neutrality will check a partisan political box, it risks blowing our once-in-a-lifetime change to get all Americans the internet access they deserve."

BIDEN ADMIN UNVEILS \$5B IN RURAL INVESTMENTS

President *Biden* announced more than \$5 billion in new investments to go toward economic development and sustainability in rural areas of the U.S., including \$274 million for expanding high-speed internet access. The announcement, which took place at a farm in Northfield, Minnesota, marks the beginning of the administration's Investing in Rural American Event Series that'll take place over the next two weeks. Of that \$274 million, \$260 million is drawn from the fourth round of the ReConnect Program. "We're delivering this funding because internet, as you know, is no longer a luxury. It is an absolute necessity to fully participate in today's society," Senior Advisor and Infrastructure Coordinator *Mitch Landrieu* said, adding all projects will allow customers to sign up for the Affordable Connectivity Program. \$1.1 billion will be used to upgrade infrastructure in rural communities, which will be aided by \$5 million from the Inflation Reduction Act. Communities that are part of the Rural Partners Network in nine states and Puerto Rico will receive \$2 billion across 99 economic development projects to create jobs and deliver clean water and fuel as well as reliable electricity. Around \$1.7 billion will be used to support the adoption of climate-smart agriculture practices, and the administration is dishing out \$145 million to 700 loan grant and awards through the Rural Energy for America Program to assist with energy efficiency improvements for agricultural producers and rural small business owners.

MONTHLY RATINGS

With the calendar turning to November, the ratings for ad-supported cable nets are in for October. **Fox News** found itself in a familiar place at the top of the total-day chart with 1.36 million viewers P2+, followed by **MSNBC** at 895,000 and **ESPN** with 789,000. **CNN** and **TBS** had 600,000 and 504,000, respectively. ESPN topped the October primetime ranking thanks to college football and Monday Night Football. The sports net came in at 2.17 million average viewers, barely beating out Fox News' 2.12 million. TBS followed with 1.61 million after getting a hefty boost from the **MLB** playoffs. MSNBC also breached the 1-million point with 1.33 million.

ON THE CIRCUIT

The 2024 **AIM/PAR** Workforce Diversity Survey will be open for responses starting in early January. **NAMIC** and **The WICT Network** are once again working with **PwC** to conduct the survey, which will have its results released next fall during Diversity Week 2024 in New York City. The survey analyzes the current state of ethnic and gender diversity within the media and entertainment industry.

Think about that for a minute...

Better Than Nothing?

Commentary by Steve Effros

The *Washington Post* Editorial Board published some embarrassing logic the other day. What else would they be talking about other than “net neutrality?” The headline on the editorial was “Finally, some rules for the internet.” But clearly the Board, and I suspect most others who are opining about this issue, have no real appreciation of the implications of what they are proposing.

Let me take you back to the 1960’s for a moment, when what was then called CATV (community antenna television) started to be regulated by the FCC because they said it was “ancillary to broadcasting.” The Supreme Court in the “Southwestern” case in 1968 upheld that authority, even though CATV wasn’t in the Commission’s stated jurisdiction, and we’ve been off and running ever since. There were multiple cases after that trying to define just how far the Commission could go in regulating “Cable TV,” but most of the authority to impose many regulations was upheld until the 1980’s, when Congress finally adopted a new Communications Act provision on cable.

Please remember that until that time there were all sorts of regulations adopted, including ones, for instance, that restricted cable from showing revolutionary “new” services at that time, like HBO, (which stands for Home Box Office for those of you who may not know) if it included films that were less than two years old! The courts nixed that one. The broadcasters and movie theater folks promoted lots of regulations. They really didn’t like the idea of a new competitor on the block. So here we are again. The new push for “net neutrality” by the FCC and lobbyists claiming a dubious “public interest” mantle, want what is now termed “BIAS” or broadband internet access service to be regulated as a telecommunications service, an essential utility, and just about any regulation would be fair game. Yes, the FCC is saying it would “forbear” from rate regulation and some other things, but anything they agree voluntarily not to do, they can also change their mind about!

What’s so daunting (remember your history here) is that the Commission is saying “edge” providers and just about all of the interconnected “cloud” aspects of distribution of the “internet” are all part of what an “ISP” (internet service provider) is responsible

for! They are all “ancillary”! Been there, seen what can happen, including a whole lot of unintended consequences from poorly thought out regulation.

The Post editorial supports all this net neutrality activity not because it’s needed to protect against “blocking, throttling, or paid prioritization,” nope, they acknowledge those original fears didn’t happen in the first place and when net neutrality rules were put in place and then reversed, as the Post notes, “nothing” bad happened. They don’t expect anything to happen on those subjects now, either. They have jumped on a new bandwagon: national security. They say new regulations would “...ensure the safety and security of U.S. networks.” This is pure nonsense.

ISP’s, like Comcast and Verizon, do not control the “safety and security” of edge providers. They don’t have any say over what foreign country may own or be in control of some server farm or network hub that’s part of the “cloud.” All of that may be important, but it’s not only a “stretch” but totally unreasonable to presume that the whole “cloud-based” internet can be successfully secured through the mechanism of declaring local broadband providers, i.e. “ISPs,” common carriers providing telecommunications services.

We’re back at “ancillary to broadcasting!” This time it’s called “... derivative of broadband internet access service.” Same gambit, different words, lots of trouble coming. The unintended consequences can be huge. The *Washington Post* editorial acknowledges there actually should be a new law, but their “logic” for supporting new net neutrality laws anyway is: “...it’s better than nothing!” That’s embarrassing.



Steve

T:202-630-2099
steve@effros.com

(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.)



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