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WHAT THE INDUSTRY READS FIRST

Connections: AT&T Hitting All Marks With Fiber, Fixed Wireless

AT&T is buzzing when it comes to the continued success of its broadband product portfolio, scoring 252,000 AT&T Fiber net adds in 1Q24. Consumer wireline revenues grew 3.4% YOY with fiber revenues in particular growing 19.5%.

On the company's earnings call Wednesday, CEO *John Stankey* was proud of the provider's outpacing of cable when it comes to broadband net adds, especially given the overall state of the fixed broadband industry at this point in time. Unsurprisingly, the momentum has largely been driven by AT&T Fiber. He claims it has consistently captured more than one-third of broadband net adds across major providers for the past three years. Fiber penetration now exceeds 40%, and several markets are sitting well above that benchmark. Thus far, AT&T has passed 27.1 million consumer and business locations with fiber.

"If you'd asked me two years ago did I think we'd arrive at that level given the number of households we're adding and building to, I probably wouldn't have said we'd arrive that quickly," he said. "I think our goal is to just keep operating as effectively as we have been and taking the good growth that's coming our way, and I think you see that reflected in the overall performance of the numbers."

The question is how long can AT&T keep up this momentum, and **MoffettNathanson** wonders how much of the company's remaining footprint is actually worth overbuilding. "It's hard to imagine that there is still a significant share of their footprint that is sufficiently dense, and sufficiently aerial (versus buried), such that the cost of deployment can be compensated by an expectation of capturing only half the market, as one would project in a two-player market," the firm said in a note to clients. "It is hard to imagine that incremental overbuilding—at AT&T or anywhere else—can continue to generate the same returns that made fiber overbuilding seem like a good idea two or three years ago, when capital was virtually free and prospective densities were dramatically higher."

Those strong fiber numbers come in a quarter that saw AT&T suffer not only a massive, nationwide outage, but also the reporting of a cyberattack that involved the personal information of 73 million AT&T customers past and present. Stankey certainly wasn't thrilled about the outage, but he believes that the team took the right approach to course-correct and reach out to the customer base to minimize its impact. And if you don't believe him, look at the churn numbers for the quarter. Postpaid phone net adds were 349,000 with postpaid phone churn coming in at a record low 0.72%.

"I'm sure there were a couple of days of some suppressed activity as a result of the outage. I think it's probably something that's measured in days, it wasn't measured in weeks and months," Stankey said. "We have a variety of survey methodologies that we use and research with our customer base and prospective customers. Those indicators don't show me anything that cause me to be concerned about what transpired or what occurred."

There's been a lot of talk about AT&T's fixed wireless product, AT&T Internet Air, and the appetite for products like it among business customers, and that's a huge source of excitement for the company's leadership. Stankey has been pleased with the early demand for it from business customers who don't have enterprise-level connectivity needs, and the expectation is that benefits to quarterly results will be seen in the latter half of the year.

To Stankey, the introduction of AT&T Internet Air for Business and other moves represent a marked shift for AT&T which spent the last decade focusing on selling 5G and fiber to the top end of the market and the Fortune 1000. As AT&T undergoes the transformation, he said it will have to rebuild some muscle when it comes to distribution and the creation of the right product mix to attack all customers.

"There are many businesses that have usage characteristics and behaviors that are atypical to a typical single-family dwelling and that's why we think it's a good place to invest time, energy, money, and I think that was consistent with what our expectations were from the founding of the product and where we thought we'd go-to-market with it," Stankey said.

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The *WHO* and the *WHY*

CFX's spotlight on recent new hires & promotions

RONALD
Day
PRESIDENT, ENTERTAINMENT/CHIEF CONTENT OFFICER
TELEMUNDO STUDIOS

3 THINGS TO KNOW

- NBCUniversal Telemundo Enterprises is shaking things up and putting its scripted content production under the Telemundo Studios brand. It's a move that will align its scripted content portfolio with the growing demand from Latinos for culturally relevant content. In doing so, the company is tapping Ronald to oversee Telemundo Studios, which includes the development and production of all scripted content for linear and owned- and third-party streaming platforms.
- Ronald will remain as head of the network's entertainment programming and unscripted content as well. His previous role as President, Entertainment and Content Strategy, saw Ronald manage the network's content strategy with a specific focus on daily entertainment and collaboration with Telemundo Global Studios, News and Sports. He first joined Telemundo in 2018 and has since been at the forefront of the development and production of programs like "La Casa de los Famosos," "Los 50," "Top Chef VIP" as well as special events like the Billboard Latin Music Awards and Miss Universe.
- Ronald garnered nearly 17 years of experience at Univision before landing at NBCU Telemundo Enterprises. He held several leadership roles at Univision, culminating in being SVP, Programming and Promotions. Ronald also attended New Jersey City University and studied Media Arts, Radio and Television Broadcasting.

FCC MEDIA BUREAU CITES WPIX CONCERNS IN WADL ORDER

The **FCC** Media Bureau approved **Adell Broadcasting**'s $75 million sale of Detroit station WADL to **Mission Broadcasting**—with several conditions attached, including that any financing may not involve **Nexstar** or its affiliates. "The Bureau styles its decision as a 'conditional approval,' but it is no such thing. The Media Bureau's decision requires these private parties to abandon the deal that they had negotiated and decide whether to accept an entirely different deal on entirely different terms," Commissioner *Brendan Carr* said in a statement. "The FCC's decision to redline the terms of a deal like this plainly exceeds the agency's statutory authority." The Media Bureau found the proposed WADL deal shares a number of characteristics with the operation of WPIX that the Commission recently found to be problematic. **NCTA** and **ATVA** raised informal complaints about the WADL deal. "Our concerns here go to how WADL could be operated after Mission's acquisition and the likelihood that Mission would abdicate control. Consistent with the Commission's recent action, we find that these conditions are essential in order to protect against the potential for a similar unauthorized de facto transfer of control and a potential violation of the National Ownership Cap in the present case," the Bureau's order said. Under the order, Mission may not delegate, outsource, surrender, or grant rights over any aspect of retransmission consent negotiations for WADL to Nexstar, its affiliates, its agents, its VIEs, or any related entities or persons. Other conditions include requiring Mission to receive and retain no less than 70% of the station's advertising revenue (in the WPIX NAL, the Commission was concerned that Mission retained little to no financial interest in the day-to-day success or failure of the station in that case). The Bureau said Mission may not enter into an option agreement that would allow Nexstar, its affiliates, or any related entity, to acquire WADL at a future date or for them to have first refusal to acquire the station if Mission chooses to sell. It also ordered that no more than 15% of programming time aired on WADL may consist of content provided by, procured from or owned by Nexstar or its affiliates.

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REPUBLICANS AGAIN VOICE OPPOSITION TO TITLE II ORDER

Republican lawmakers are standing up against the **FCC**'s Title II draft order ahead of a vote at the Commission's open meeting Thursday. **Senate Commerce** Ranking Member *Ted Cruz* (R-TX) and

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House Commerce Chair *Cathy McMorris Rodgers* (R-WA) are leading a bicameral coalition calling for the agency to abandon the order, and sent a letter to FCC Chair *Jessica Rosenworcel* Wednesday with that very message. They argue the order would give the FCC a huge amount of unchecked power to impose rate regulation, broadband taxation and more. Beyond that, the lawmakers believe Title II will inflict significant damage on consumers by chilling investment and innovation. "As the Commission's record demonstrates, the question of whether broadband should be subject to public utility regulation is an issue of 'vast economic and political significance,' such that the Commission must identify 'clear authorization from Congress' to justify such a decision," the letter said. "Our review of the relevant statutory authority required under Supreme Court precedent, the Commission lacks any authority to subject broadband services to common-carrier regulation."

ROGERS' REVENUE UP IN 1Q24, STRIKES NEW DEAL WITH COMCAST

"All in all, a very productive first quarter," is how **Rogers Communications** CEO *Tony Staffieri* described the company's performance during its 1Q24 earnings call Wednesday. The Canadian giant had 98,000 postpaid mobile phone net adds and 26,000 retail internet net adds, both up YOY by 3,000 and 12,000, respectively. Total service revenue was up 31% YOY to $4.36 billion and cable service revenue skyrocketed 94% from the same quarter last year to $1.95 billion as a result of the merger with **Shaw Communications**. This month marks the one-year anniversary since the transaction, and things are going better than expected in Staffieri's eyes. "We have integrated the two companies and delivered on the key commitments we set for ourselves in the first year. We delivered on our $1 billion synergy targets one year ahead of schedule, and we remain focused on selling non-core assets to reduce our debt leverage ratio. Overall, we are well ahead of schedule," he said. Rogers' debt leverage ratio stood at 4.7X at the quarter's end and is on track to achieve 4.2X by the end of 2024. The company is reaffirming its guidance targets for 2024, which include service revenue growth of 8-10%, adjusted EBITDA growth of 12-15%, capital expenditures of $3.8 billion-4 billion and free cash flow in the range of $2.9 billion-3.1 billion. Meanwhile, Rogers announced a new 10-year agreement with **Comcast** for broadband, smart home and connectivity products. Rogers has long licensed the X1 platform from Comcast for video. Its customers will soon be able to enjoy the Entertainment OS platform, which brings live sports, entertainment and news, on-demand, and streaming apps into one, simple view. The agreement also includes the latest gateways developed by Comcast, enabling 10G technologies such as multi-gigabit speeds, ultra-low lag and better reliability, as well as Comcast's Storm-Ready WiFi product. Roger said commercial details will be announced as products and services are made available, starting later this year.

REPORT: SCRIPPS CONSIDERING BOUNCE SALE

Scripps has hired a financial advisor to assess the inbound interest in acquiring its African-American-centric network Bounce, according to a **CNBC** report with quotes from Scripps CEO *Adam Symson*. While Symson didn't comment on specific bidders or price details, people familiar with the process anticipate a deal possibly happening around mid-year or 3Q24. Symson did note that inbound interest in Bounce increased over the past year, which aligns with **Paramount Global** being open to offers for **BET Media Group** before ultimately deciding to keep the company. CNBC writes that some of those who were interested in BET have since reached out to Scripps about owning Bounce TV, many of which have Black leadership.

TUBI, DAZN INK FAST COLLAB

The sports platform **DAZN** is teaming up with **Tubi** to roll out the FAST channels **DAZN Ringside** and **DAZN Women's Football** in the U.S. and **DAZN TV** and DAZN Women's Football in Canada. DAZN Ringside features boxing and MMA content including live events, weigh-ins and documentaries. DAZN Women's Football—which is making its debut in North America—comes with a mix of live and archived soccer matches from high-profile tournaments, and DAZN TV offers a mix of both boxing/MMA and soccer programming.

PROGRAMMING

The 2024 **NFL** Draft begins Thursday. Coverage of the three-day event will air across **ESPN**, **ESPN2**, **ESPN Deportes**, **ABC** and ESPN Radio. ESPN and ABC will provide two broadcast options Thursday and Friday starting at 8pm and 7pm, respectively. ESPN's airing will focus on each team's areas of need, while ABC will provide player analysis and storytelling. This year will also have a third viewing option Thursday with "The Pat McAfee Show Draft Spectacular" on **YouTube**, **TikTok**, the ESPN app and ESPN+ starting at 8pm. Saturday's coverage will have ABC simulcast ESPN's presentation, which begins at noon. NFL Network will also televise the Draft. – **C-SPAN** will have live uninterrupted coverage of Saturday's 2024 White House Correspondents' Association Dinner. It'll begin at 8pm on the network, C-SPAN.org and on the C-SPAN Now app. "Saturday Night Live" cast member *Colin Jost* is the event's featured entertainer and President *Biden* is expected to make remarks as well.

PEOPLE

Former **FCC** Commissioner *Jonathan Adelstein* is joining **TWN Communications** as its EVP, Chief Strategy and External Affairs Officer. He'll be tasked with obtaining the capital and grants the company will use to partner with rural electric co-ops and build broadband networks in rural parts of the U.S. Adelstein—a former head of the **USDA**'s Rural Utilities Service who also spent time as a staff member in the Senate and as CEO of the **Wireless Infrastructure Association**—will also assist in the company's participation in the BEAD Program.

Think about that for a minute...

The Utility of Competition

Commentary by Steve Effros

OK, the title of today's column is a little bit of a play on both the words utility and competition. Why? Because the underlying theories now being bandied about for either regulating broadband internet access services (BIAS) as a utility or something that should be freely competitive are in major conflict.

I start with the assumption that at the conclusion of Thursday's FCC meeting the Commission will have voted to re-designate broadband internet service providers as utilities. The famed "net neutrality" will have returned in the form of regulation as a "Title II" common carrier. The argument is that BIAS is so important that the FCC needs to regulate how the business can be provided, including, theoretically, constraints on business plans, rate restrictions, and just about anything else. This is needed, say those in favor, because there is insufficient competition among BIAS providers and thus the dominant players, now deemed "utilities" have to be policed.

In a prior column I've already explained why I think, for legal reasons, this move by the FCC is not likely to withstand Supreme Court review. Today we'll focus a little bit on the "facts on the ground," which suggest that the assumptions made to support the alleged need for all this regulation don't seem to withstand much scrutiny either. That's especially true with all the activity in the business being reported on these days. Let's just take a few examples.

The basic premise of those arguing for more government regulation is that there is insufficient competition among the providers to avoid monopolistic practices. But just the other day "cable mogul" John Malone decided to resign from his position as Director Emeritus on the Board of Directors of Charter Communications. He did so because of concern that the Department of Justice is now seemingly looking at taking action under the Clayton Act antitrust laws regarding possible conflicts if a board member is considered to also be on the board of a competing entity. Malone is also on the Board of Warner Bros. Discovery, (WBD) which is actively engaged in creating multiple new "streaming" services.

I point all this out because until now, the FCC and other theorists of the "not sufficient competition" notion have been very reluctant to acknowledge that "cable" (i.e. Charter) and "streaming services" (WBD) are substitutable and compete with each other. Of course many "cable" companies are now also providing service via "streaming" technology, so rather than the idea that there is insufficient competition, it appears that it's exploding all over that place! DOJ apparently now understands that.

The fact that traditional "cable" customer counts are rapidly going down and a streaming service such as Netflix is now expected to be the largest subscription based video delivery service, possibly within a year, should also tell you that competition is now vigorous. Clearly, the ownership of the wires or satellites or "fixed wireless" (i.e. telephone cellular-like service) has not impinged on the ability of new and different players getting into the marketplace and competing. What's the utility (pardon me) of the government getting into heavy-handed regulation in order to "promote competition" when it's already here?

The government's already in the game of regulating the structure of BIAS. It has long had requirements for what technical "speeds" have to be offered. It's spending billions of dollars subsidizing the construction of additional facilities in areas it says are underserved. And now it wants to go farther and claim that for "national security" it needs to protect consumers from the privately built and so-far very successful broadband infrastructure by deeming it a "utility" and thus subject to even more regulation.

We have seen the success of government regulation and management of infrastructures; bridges for instance. In the case of broadband, competition seems to have worked.

Steve

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(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.)