

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Earnings Talk: Charter Unpacks Impact of ACP's Sunset

Charter hasn't been immune to the slowdown in broadband activity in 1Q24, reporting the loss of 72,000 residential and SMB internet customers.

President/CEO *Chris Winfrey* attributed the broadband challenges to the low activity environment as well as elevated competition and fewer low-income connects from the discontinuation of the FCC's Affordable Connectivity Program. First quarter revenue came in at \$13.7 billion, rising 0.2% YOY thanks to residential mobile service revenue growth of 37.8% and residential internet revenue growth of 1.9%.

Charter plans to offer a partial subsidy to ACP customers in May. The FCC is providing a partial credit of \$14 with the funding the program it has left, and Charter is upping that discount to customers to \$15 to round up and make things more clear for customers.

Winfrey said the ACP shutdown will certainly have a negative internet customer growth impact on everyone, including Charter, and that's going to happen during a seasonal second quarter and likely extend into the third quarter as providers manage any non-pay activity. He said the stickiness of those customers depends on a lot of factors, including retention offers. Charter is offering a free mobile line for all ACP customers, a deal that Winfrey said will save customers as much if not more money on a monthly basis than the subsidy offered through ACP.

"In terms of specifics, this event is unprecedented. In almost 30 years of cable, I haven't seen anything like this before," Winfrey said. "But in the end, I'm really confident we're going to manage through successfully. It will be a one-time event, both on subscribers and maybe initial suppression of ARPU, but it's not going to impact our long-term growth potential."

Senators *Ed Markey* (D-MA), *Bernie Sanders* (I-VT), *Elizabeth Warren* (D-MA), *Ron Wyden* (D-OR) and *Laphonza Butler* (D-CA) want to see more providers follow Charter's lead and go even a step further. They sent a letter to NCTA President/CEO *Michael Powell* and CTIA President/CEO *Meredith Attwell Baker* asking the association leaders to encourage their member companies to ensure that ACP subscribers receive a \$30 benefit in May. The lawmakers hope NCTA and CTIA members will cover that \$16 shortfall from the original \$30 subsidy to help customers through the transition.

"Given that the \$14.2 billion in ACP benefits ultimately flowed back to ACP providers, covering the \$16 payment in May is a small investment in saving the program that can demonstrate your members' commitment to closing the digital divide," the letter said.

Spectrum Mobile continues to gain momentum with the addition of 486,000 mobile lines in the quarter, and overall mobile churn fell YOY and sequentially. Customers who signed up for Spectrum One in 1Q23 reached their promotional roll-off period this quarter, but CFO *Jessica Fischer* said that did not drive incremental internet churn. In fact,



JUST RELEASED: The Cablefax 100

It's time to celebrate the trailblazers who have propelled the media, cable, and broadband industry to unprecedented heights. We're thrilled to unveil the distinguished individuals who have earned a coveted spot in the 2024 Cablefax 100.

[VIEW HONOREES](#)

the converged offering is driving higher mobile sales and longer customer lifetimes.

Video customers declined by 405,000. Winfrey said the video churn rate is relatively consistent and he is not necessarily seeing any notable negative contributing factors to the decline of video. Instead, he sees this quarter as a result of lower internet sales opportunities offering less opportunities to attach video combined with a programming cost increase pass-through that came inside of the first quarter.

“I do think as we add more bundling of these DTCs in a hybrid linear model over time, I think we have the ability to stem a lot of the churn and actually add back to both the gross addition side coming from potentially new calls coming in, but also a higher attach rate to internet, primarily as we provide more value into the package which offsets the significant programming cost increases that we’ve been forced to pass through,” Winfrey said. Charter expects its hybrid DTC linear model to be fully deployed next year.

NEW YORK AFFORDABLE BROADBAND ACT ALLOWED BY COURT

The **Second Circuit Court of Appeals** has given the greenlight to New York’s Affordable Broadband Act to the dismay of many industry associations. The 2021 law mandated that ISPs operating in the state must offer a \$15/month plan for low-income customers. A group including the **New York State Telecommunications Association, CTIA, ACA Connects, USTelecom** and **NTCA-The Rural Broadband Association** filed a lawsuit, and the state and the trade associations reached a settlement that would prevent the enforcement of the law. New York then appealed the decision, leading to the Second Circuit’s review of the case. In the decision released Thursday, the court concluded that neither of the plaintiffs’ preemption theories held up. It said the Affordable Broadband Act is not field-preempted by the Communications Act of 1934 because it does not establish a framework of rate regulation that is comprehensive enough to imply Congress meant to exclude states from taking action. It also didn’t buy into an argument that the act was conflict-preempted by the **FCC’s** Restoring Internet Freedom order, which classified broadband as an information service. “That order stripped the agency of its authority to regulate the rates charged for broadband internet, and a federal agency cannot exclude states from regulating in an area where the agency itself lacks regulatory authority,” the court said in its opinion. The plaintiffs expressed their disappointment in the decision and the state’s move toward rate regulation in a joint statement. “It not only discourages the needed investment in our nation’s infrastructure, but also

potentially risks the sustainability of broadband operations in many areas,” they said. “We urge Congress to maintain support for low-income Americans on a nationwide basis.”

REPORT: PARAMOUNT BOARD CONSIDERING BAKISH REMOVAL

Paramount Global’s board is considering removing CEO *Bob Bakish* from the position, according to a [WSJ report](#). It would then put in place a committee of executives to run the company on an interim basis. Bakish became CEO of **Viacom** in 2016 and was given a vote of confidence when he was allowed to continue in the seat following the merger of Viacom and **CBS**. Discussions are still underway and it is possible no such CEO move at Paramount is made. The report comes as Paramount continues exclusive merger talks with production company **Skydance Media**.

NTIA APPROVES 3 MORE STATE BEAD VOLUME II PROPOSALS

NTIA has approved Kansas, Nevada and West Virginia’s Volume II broadband grant proposals for the \$42.5 BEAD program. They join Louisiana, which became the first state to have its Volume II proposal approved by NTIA in December. NTIA will continue to announce approval of initial proposals on a rolling basis. One year from Initial Proposal approval, states must submit a Final Proposal that details, among other things, the outcome of the subgrantee selection process and how the state will ensure service to all unserved and underserved locations. Under BEAD, Kansas receives \$451.7 million for grants, while Nevada gets \$416.6 million and West Virginia receives \$1.2 billion. Preregistration for BEAD applicants is set to begin May 13 in Kansas.

T-MOBILE SEES FIBER AS FIXED WIRELESS BOOSTER

T-Mobile finally peeled back a layer on its fiber plans yesterday with the announcement it would enter into a JV to acquire **Lumos**. During the company’s 1Q24 earnings call, CEO *Mike Sievert* said the addition of fiber assets will add more capacity to support the company’s 5G fixed wireless product. Beyond that, as customers switch over to fiber broadband, that will free up more capacity in individual neighborhoods to allow T-Mobile to welcome more fixed wireless customers. “If mobile usage isn’t predicted to soak up all that capacity, then individual households get approved for home broadband. Now, in those neighborhoods where we roll out fiber, then we can actually have some of those neighbors be added to the 5G who wouldn’t otherwise be added, and that’s TAM expanding, potentially,” Sievert said. T-Mobile touted 405,000 internet

net additions in the quarter, giving it a total of more than five million total fixed wireless customers. Postpaid phone net adds were 532,000 and postpaid phone churn came in at 0.86%.

CHAMPIONS LEAGUE ON PLUTO

CBS Sports launched a new FAST channel on **Pluto TV** dedicated to the UEFA Champions League. It features non-stop highlights of memorable moments and dramatic finishes from the tournament's history. In addition to Pluto TV, the FAST channel can be watched on connected TV devices through the CBS Sports app. Additional availability will be announced next month.

RATINGS

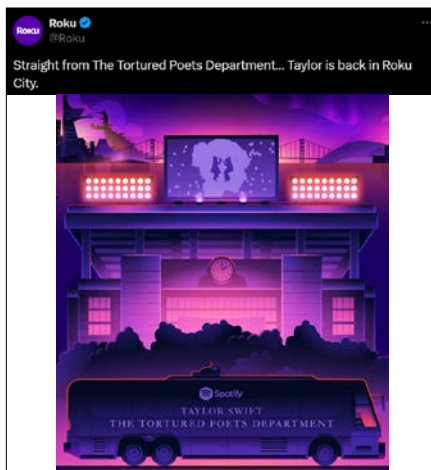
Thursday's episode of **Adult Swim's** "Royal Crackers" sealed a series-high 0.41 rating among the A18-49 demo. The final two episodes of Season 2 will air at midnight tonight and May 2. – Spain's biggest soccer match El Clásico delivered 507,000 viewers Sunday on **ESPN Deportes**. That's the second most-watched La Liga match ever on the network and is the second most-watched El Clásico on **ESPN+**. It's the highest combined audience of all El Clásicos on ESPN platforms.

ON THE CIRCUIT

The **Mid-America Cable Telecommunications Association** recently elected three new members to its board: **PeakView Solutions' Eric Claytor**; **Cunningham Fiber's Drew Cunningham**; and **NCTC's Pam Gillies**. Officers for 2024-2025 are **Conway Corp's Crystal Kemp** (Chairman), **NCTI's Jack Latzer** (Vice Chairman), **NCTC's Gillies** (Treasurer) and **MBO's Loren King** (Immediate Past Chairman). – This year's undergraduate class at Emerson College will get the chance to hear **Randy Barbato** deliver the commencement address May 12. Barbato, who co-founded the entertainment company behind **MTV's "RuPaul's Drag Race"** and Bravo's "Million Dollar Listing," graduated from Emerson in 1982. Others set to be honored at the ceremony include Emerson Trustees **Doug Holloway**, a former **NBCU** exec who was inducted into the Cable Hall of Fame last April, and ex-ESPN exec **Al Jaffe**, who's credited with negotiating with broadcasters like **Robin Roberts**, **Stuart Scott**, **Rece Davis** and several others.

CABLEFAX DASHBOARD

Social Media Hits



Research

(Source: **CNBC | SurveyMonkey Workforce Survey**)

- > 82% of workers are now fully or mostly in person, while the percentage of workers who have primarily remote roles continues to decline, reaching 16%.
- > Of the workers back in the office, 70% say they prefer to be on-site.
- > Gen Z workers are less enthusiastic about their roles compared to older workers, with 47% saying they are "coasting" at work rather than "thriving" (40%) or "struggling" (11%).

Up Ahead

APRIL 30: [Cablefax Top Ops Free Entry Deadline](#)

MAY 17: [WICT Network Rocky Mountain Chapter Walk of Fame](#)

MAY 23: [FCC Open Commission Meeting](#); D.C.

JUNE 4: [Regional Fiber Connect](#); Deer Valley, Utah

JUNE 13: [Cablefax American Broadband Congress](#); D.C.

Quotable

"We got 26,000 public comments, 25,000 of them were in support of the ban. And this was across the country, across sectors, across income levels because at the end of the day, what noncompetes do is they keep talent locked up. They prevent a more efficient matching between employer and employee. And so, getting rid of noncompetes will be good for workers, it will be good for the labor market, but it's also going to be good for our economy. It's going to allow a boost in new business formation, in new start-ups, and it's going to mean that if somebody has a good idea, they're able to bring that idea to market rather than being locked up."

– **FTC Chair Lina Khan** on **CNBC's "Squawk Box"** discussing the banning of noncompete clauses