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WHAT THE INDUSTRY READS FIRST

Second Look: FCC Attempts RDOF Clean Up

After an extensive review process to identify areas of potential waste in the Rural Digital Opportunity Fund, the **FCC** is ready to make more than \$311 million in funding available across 36 states as part of the fund's Phase 1. That's only a tiny fraction of the \$9.2 billion in subsidies won during Phase 1 of the auction, which awarded 5.2 million unserved locations to providers.

The results of the auction have been heavily scrutinized by lawmakers and consumer advocates since their release in December. Concerns were raised about the ability of satellite broadband upstart **Starlink**, the auction's second largest winner with nearly 643K locations and more than \$885 million in subsidies, to adequately serve the areas it won. There was also some skepticism about the ability of fixed wireless services to offer gigabit speeds in RDOF-eligible census blocks.

In response to questions raised, the Commission sent letters Monday to 197 winning bidders giving them an opportunity to withdraw any funding requests in areas under question where they had won RDOF support.

"The Rural Digital Opportunity Fund was intended to focus on areas 'wholly unserved by 25/3 Mbps' broadband service. Concerns have nonetheless been raised that certain areas included in the Rural Digital Opportunity Fund auction are already served by one or more service providers that offer 25/3 Mbps broadband service or otherwise raise significant

concerns about wasteful spending, such as parking lots and international airports," the letter read.

The Commission reminded winners that it was their responsibility to conduct due diligence to ensure public obligations were met. The agency also said in the letter that it would "entertain" requests for waiver of the penalties normally associated with defaults.

Among the dozens of applicants listed as having bids in default were **Atlantic Broadband**, **Hotwire Communications** and **Charter**. Charter emerged as the biggest winner of locations from the Phase 1 auction, winning 1.1 million and qualifying for \$1.1 billion in subsidies. Charter said it doesn't plan to pursue some of the buildouts it won support for.

"RDOF auction funding is intended to close the digital divide by connecting unserved areas with high-speed broadband, but facts on the ground show the majority of these locations actually already have a provider offering service today or one that will soon do so, making RDOF support redundant," Charter said in a statement. "The remaining unserved locations will be immediately available for other federal, state, and local funding opportunities. Every American should have access to high-speed internet, and to accomplish the goal of getting 100% of the country connected, support dollars should be preserved for deployment in truly unserved areas."

The Commission also rejected requests from **AB Indiana** in Florida and **LTD Broadband** in California, Oklahoma, and Kansas to waive program deadlines, citing failures by both

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companies to secure ETC designation in a timely manner. Neither provider filed ETC applications with the relevant states within the 30-day “good faith presumption” window. LTD was the auction’s biggest winner, winning \$1.3 billion in support.

Free Press, which posted a six-part investigation into the potential failures of the RDOF back in December, said the FCC denying LTD’s application to serve in California, Kansas and Oklahoma represents more than \$271 million of the subsidy support it won.

The association lauded the FCC’s actions as encouraging. “While we have yet to fully review the series of recommendations and actions released today, it’s encouraging that Acting Chairwoman Rosenworcel wants to get this right,” Free Press research director *S. Derek Turner* said in a statement. “Under Rosenworcel, the FCC seems determined to do the due diligence that Pai skipped to ensure that federal money actually connects real people—as opposed to traffic medians—to affordable services.”

AD MARKET SIZZLES FOR ONLINE VIDEO

Zenith predicts that online video advertising will be the fastest-growing digital channel in 2021, rising by 26% to reach \$63 billion. Overall, the firm predicts digital advertising will take 58% share of the market this year, up from 48% in 2019. Traditional television ad spending fell 8% in 2020, but Zenith expects it to grow 1% in 2021. “This year’s rapid recovery in ad spend, coupled with the continued migration of audiences from traditional to digital channels, is fueling substantial increases in media prices, particularly in television,” the firm said. “The cost of television advertising is up 5% this year

on average, though the variance between markets and audiences is wide. Television spend is up by 1%, so the volume of audiences reached globally is shrinking. Digital media growth, in contrast, is mainly driven by rising audiences and more extensive monetization, with online video inflation averaging 7%, and social media roughly flat, compared to their 26% and 25% respective ad spend growth rates.” Zenith’s just-released Advertising Expenditure Forecasts expects global ad spend to total \$669 billion this year—up \$40 billion from ad spending before the pandemic in 2019. The US will be the largest contributor to global growth in 2021, with it alone to supply 46% of new ad dollars this year.

LUMEN SELLS LATAM BIZ TO STONEPEAK

Lumen Technologies is selling its Latin American business to investment firm **Stonepeak** for \$2.7 billion. Under the terms of the deal, Lumen will divest its Latin American business, which will then operate as an independent company in Stonepeak’s portfolio. The current Latin American leadership team will remain intact, including *Hector Alonso*’s position as president of the region. Stonepeak and Lumen have also reached an agreement that will see the latter continue to serve customers in North America, the EMEA region and the APAC regions that have specific needs in Latin America through a partnership with the independent company. The partnership will also include reciprocal reselling and network arrangements. Customers seeking service within the Latin America region will work directly through the new independent company or with Lumen through the partnership. Lumen and Stonepeak expect to close the transaction in the first half of 2022.

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FCC EYES EEO

The **FCC** wants to refresh the record on Equal Employment Opportunity data collection regarding race and gender. It's specifically looking at Form 395-B, which is intended to gather workforce composition data from broadcasters on an annual basis. It is statutorily mandated, but hasn't been collected since the form was suspended in 2001 after the DC Circuit vacated certain aspects of the FCC's EEO requirements. The FCC adopted revised regulations for Form 395-B in 2004, but submission of the form was suspended until issues were resolved regarding confidentiality of the employment data. Those issues still aren't resolved, which is why commissioners voted to approve a Further Notice of Rulemaking on Friday. Comments will be due 30 days after publication in the Federal Register. "This rulemaking was the very first Media Bureau initiative I shared with my colleagues after taking the reins as Acting Chairwoman. I am proud that the questions we ask here are the first full-fledged effort to address this issue in more than a decade and a half," *Jessica Rosenworcel* said in a statement.

MOFFETT NATHANSON HIGH ON DISH

MoffettNathanson is upgrading **DISH** to a "Neutral" rating and a target price of \$40 following its announcement of a network service agreement with **AT&T**. Prior to last week's news, many felt uncertain about the chances of the **DISH** wireless service's survival following the 2027 expiration of its MVNO deal with **T-Mobile**. That deadline would have arrived just two years after **DISH**'s first **FCC**-established deployment milestone. "To be sure, meeting their 2025 buildout deadlines won't be any easier; they can't rely on their MVNO deal to help them. But the **FCC** deadlines were never the issue. It was what would come after," the firm said in a note. "AT&T has granted **DISH** a new lease on life."

IT'S THE OLYMPICS!

The **Tokyo Olympics** Opening Ceremony was the least-viewed in the last 30 years, according to preliminary numbers. The Friday telecast began at 6:55am ET and re-aired in primetime across the nation. It averaged 17 million viewers, 35.8% below the 2016 **Rio Games**. **NBC** said streaming delivered higher ratings on **NBCOlympics.com** and the **NBC Sports app**, increasing 76% from the 2018 **PyeongChang** Opening Ceremony and 72% from 2016. It also set a record for the Opening Ceremony of 311,000 average minute audience via the site and app. Streaming continued to deliver at the Olympics Saturday for **NBCU**. **NBC Sports Digital's** primetime show saw an average minute audience of 648,000 viewers. Through Saturday, viewers had streamed 371 million total minutes of Tokyo Olympics content, up 21% from the 2016 Rio Olympics. Saturday night's primetime show recorded a total audience delivery 8.2 household rating across **NBC**, **USA Network**, **NBCSN** and **CNBC**, up 26% from Friday's primetime Opening Ceremony rating of 6.5 based on data from **Nielsen**. The primetime plus show averaged a total audience delivery of 4.4 million viewers, up 13% from Rio's opening Saturday. Saturday morning cable coverage on **NBCSN** and **USA Net-**

work saw a total audience delivery of 1.5 million viewers, up 24% from the corresponding day in Rio. Based on preliminary figures, Saturday's Tokyo Olympics primetime coverage saw a total audience delivery of approximately 15.3 million viewers. – New **NBC Sports** talent appeared at the Opening Ceremony coverage in Tokyo. Former **ESPN** host *Maria Taylor* made her **NBC Sports** debut as a host at the kickoff coverage. Outside of the **Olympics**, she'll also be a host for **NBC's** "Football Night in America," Super Bowl LVI and more. Taylor recorded her final assignment with **ESPN** at the **NBA Finals** coverage last Tuesday before she and **ESPN** announced her departure.

70+ 8K TVs NOW 8KA-CERTIFIED

The 8K Association, a cross-industry group dedicated to the expansion of the 8K ecosystem, announced it has certified more than 70 8K TVs. The certified products include nearly 50 models from the first half of 2021, and most of those models come from top brands **Hisense**, **Samsung** and **TCL**. A full list is now available on the association's website.

PROGRAMMING

Liberty Athletics and **ESPN** have reached a five-year extension for the exclusive media rights to Liberty University's home football games, starting with the 2021 season through 2025. The new agreement ensures all Liberty home football games will air on an **ESPN** platform and guaranteeing one game every year will air on an **ESPN** linear net. The deal also gives **ESPN** the right to choose a non-traditional day for a second linear network telecast, with all remaining games distributed on an **ESPN** digital platform. The season kicks off Sept 4, followed by a Sept 18 game. Both will air on **ESPN3**. – **WWE** and **Blumhouse Television** are partnering to develop limited series "The United States of America Vs Vince McMahon." The show will be the first scripted dramatic portrayal of a chapter in **WWE's** history. – The third season of "Creepshow" premieres Sept 23 on **Shudder**. The second season debuts on linear net **AMC** Sept 6. – Special event series "Dexter: New Blood" premieres Nov 7 at 9pm on **Showtime**. The spinoff is set 10 years after Dexter goes missing and viewers find him now living under an alias in a small New York town. – **HGTV** picked up a third season of home reno show "Fixer to Fabulous," slated to premiere fall 2021. Spin-off "Fixer to Fabulous: Welcome Inn" will be available to stream exclusively on **discovery+** in early 2022. – **MTV** sets "Ridiculousness" spinoff "Messyness" with a one-week special event starting August 23 at 7pm, with two episodes airing each night.

PEOPLE

Nexstar Media named *Lee Ann Gliha* evp/CFO. Her new appointments are effective Aug 9. Gliha succeeds current president and COO *Thomas Carter*, who had held the evp/CFO role from 2009 to Oct 2020, when he was promoted. Gliha comes to **Nexstar** from **Jeffries**, where she most recently served as managing director. – **C-SPAN** promoted *Nate Hurst* to political editor. Hurst, who has been deputy political editor since 2019, joined the network in 2014.