

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## On the Hunt: Shentel Searching for Buys to Bolster Glo Fiber

**Shentel** is looking to make a deal that will allow it to boost the gains it has already seen from its Glo Fiber business.

The Virginia-based provider is looking for attractive M&A opportunities that would give it another beachhead, CFO *Jim Volk* said late Tuesday at the Raymond James Technology Investor Conference. That would ideally be a fiber provider that would enable Shentel to extend its Glo Fiber strategy into a new region beyond the Mid-Atlantic. He believes an opportunity will come up soon as companies that weren't prepared for the economic downturn or are newer to the broadband business struggle to keep up.

"It could be that they weren't fully funded going into this rising interest rate environment or there have been a fair amount of startups who have come in to chase some of the government grant money that's widely available, but don't have the management expertise or, for that matter, the relationships with the outside plant contractors or just buying fiber," Volk said.

Deal multiples have been coming down from the sky-high rates that the industry saw during the height of the pandemic, and Volk attributes much of that to the rising interest rates that have made it more challenging than ever for financial sponsors to get their minimum returns on investment.

"It's getting interesting now for us that we can start to look at potentially some of these deals as being accretive right out of the gate whereas a year ago, that would have been much

more challenging," he said.

By the end of this year, Glo Fiber will be approaching 150,000 passings, and Shentel plans to ramp that up over the next three years to reach 100,000 additional passings annually.

"We've had success ramping up construction and, unlike some of our larger peers out there in the industry, this is all greenfield build," COO *Ed McKay* said. "We're not overbuilding our existing cable footprint or existing telephone footprint. These are new capacities with new customer opportunities."

Shentel is primarily targeting what it described as Tier III and Tier IV markets, usually counting somewhere between 10,000-50,000 homes. Areas of interest are experiencing population growth and low poverty numbers with the median household income ranging from \$60,000-\$200,000 annually.

"One other big factor is the density of the markets. We've constructed fiber up to this point, and we've averaged almost 90 households and businesses passed per mile of fiber that we built," McKay said.

Shentel is targeting a range of \$1,000-1,400/passing in its greenfield builds, and construction thus far has come in on the lower end of that range. The expectation is that will change in the coming months thanks to inflation and Shentel's expected move to construction in more suburban areas.

The provider's Glo Fiber builds have been primarily focused on residential, but moving into 2023, it is putting additional focus on the SMB market. That means planning builds in commercial corridors and plotting ways to drive penetration with

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\*Source: Nielsen L+SD Program based data, 11/21/22-11/27/22, 9/26/22-11/27/22. Excludes News/Sports; Networks that share feeds are weight averaged to daypart based on duration;  
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\*\*Source: Nielsen L+SD Program based data, Strict Daypart Span; 11/14/22-11/20/22; Excludes News/Sports; Networks that share feeds are weight averaged to daypart based on duration.



the businesses in those markets.

Shentel's commercial fiber segment is sizable, making up approximately 15% of the company's total revenue. Roughly a third of its customers are mid-market enterprise customers and another 20% are in the education and government sectors. A major win for Shentel has been the **FCC's** E-Rate program, a universal service support program aimed at helping schools and libraries obtain affordable broadband. It has 15 private schools and library systems as part of its customer base and an even greater number of public school systems to which it offers E-Rate service.

"If you look at our remaining commercial fiber business, the roughly 45% that's left, half of that is true wholesale services. The other half is really cell site backhaul fiber to the tower," McKay said.

### MSG STILL POKING COMCAST

It's been a little more than a year since **Comcast** customers in NY area lost **MSG Networks**, but the RSN isn't giving up the fight. On Wednesday, it tweeted out a message that Comcast has raised the RSN fee over 40% to \$10.85 in New Jersey, making the fee higher than it was before MSG went dark on Comcast in October 2021. It's directing fans to [KeepMSG.com](http://KeepMSG.com) where it provides state AG contact info to demand rebates.

### THUNE EYES REVIEW OF BROADBAND PROGRAMS

Sen. *John Thune* (R-SD) wants feedback from broadband providers and industry stakeholders on the effectiveness of the federal government's broadband programs. He made a number of asks in a letter sent to those players Tuesday that is part of an effort by Thune to launch a nationwide oversight effort to review the myriad of broadband programs offered by several federal agencies, including the **FCC**, **NTIA** and **USDA**. The goal of the review would be to ensure dollars aren't being wasted on programs that aren't working and to examine whether some could be combined to enable greater efficiencies across agencies. "As a longtime member and former chairman of the Senate Committee on Commerce, Science and Transportation, which has jurisdiction over telecommunications services, I believe it is imperative Congress exercises its oversight responsibilities and seeks feedback on how to best expand broadband services in the most effective, efficient and fiscally responsible manner so that we can close the digital divide once and for all," Thune said in the letter. He has asked industry stakeholders to offer responses to a number of questions by Jan. 6, including whether Congress should consider modifying the IJIA's Buy America provisions in light of supply chain issues and what permitting regulations, if any, at the federal level are hindering broadband deployment.

## The WHO and the WHY

CFX's spotlight on recent new hires & promotions



**DAVID Decker**  
PRESIDENT, CONTENT SALES  
WARNER BROS. DISCOVERY

### 3 THINGS TO KNOW

- Long-time Warner Bros. Discovery executive Jim Wuthrich is resigning at the end of the year, and the company promoted David to fill the role, effective Jan. 2. He'll lead the division that's responsible for North American licensing and distributing WBD-produced film, TV, animation and digital content to third-party platforms, while also overseeing DTC digital and physical retail sales. David will report to Chief Revenue and Strategy Officer Bruce Campbell.
- David is an 18-year mainstay in the Warner Bros. family. Before his promotion, he was EVP, Content Licensing, where he managed the distribution strategy and licensing of WBD's content to third-party platforms and networks. Over the years he's held numerous distribution roles, spending time leading business operations for WBD's syndication production arm that's responsible for shows like "The Ellen DeGeneres Show" and "TMZ."
- David received his bachelor's degree from Dickinson College in Pennsylvania and also has a J.D. degree from Loyola Law School in Los Angeles.

### ASSOCIATIONS OPPOSE BROADCASTING TREATY

**USTelecom, ACA Connects, CTA, CTIA** and **NTCA-The Rural Broadband Association** are banding together to stand against the potential introduction of an international broadcasting treaty. This battle is nothing new with the first rumblings of such a treaty coming nearly 15 years ago. As different iterations have arisen through the years, the associations have flagged a number of concerns including that its introduction would cause significant harm to the U.S. communications industry and harm broadband deployment. While the treaty, which is being discussed at the **World Intellectual Property Organization**, isn't likely to cause changes to U.S. law should it be adopted, the associations worry that it could become a weapon used by broadcasters to cause future legislative shifts. It could also broaden the definition of broadcasting, opening the door to court battles and reinterpretations of regulations at federal agencies, they argued in a Tuesday letter to **U.S. Patent and Trademark Office's** Office of Policy and International Affairs Director *Mary Critharis*. "It has the potential for creating a thicket of unnecessary rights, which would have the effect of chilling broadband development and imposing new costs and liabilities on large and small U.S.

communications providers and online intermediaries, including ISPs, ultimately harming consumers and other end-users and their access to critical information,” the associations said. **USTelecom** is in the process of arranging a meeting with U.S. Patent and Trademark Office officials to discuss the associations’ concerns in more detail.

### FCC IN 2023

The **FCC** released its 2023 open meeting [schedule](#), with the first meeting of the new year kicking off on Jan. 26. Every meeting is set for a Thursday, except December, which moves to a Wednesday. The last FCC meeting of 2022 is set for Dec. 21 at 10:30am. The agenda includes proposals for preventing and eliminating digital discrimination based on income level, race, ethnicity, color, religion, or national origin as well as new reforms to streamline the agency’s satellite application processing rules and policies.

### THANK PON FOR SPENDING

Total global revenue for the broadband access equipment market increased 17% YOY to \$4.7 billion in 3Q22, thanks largely to spending on PON equipment, according to **Dell’Oro Group**. Total XGS-PON ONT unit shipments exceeded 1 million for the second straight quarter, reaching 1.5 million worldwide. Total cable CPE units increased 5% YOY as vendors were again able to fulfill orders that had been backlogged for multiple quarters. However, total cable access concentrator revenue was flat at \$259 million. Total revenue was up 9% YOY with higher-end DOCSIS 3.1 gateways part of the total unit shipments. “Thanks to a robust competitive environment and ongoing subsidization efforts, investments in new fiber broadband networks and equipment continue to grow,” said Dell’Oro Group VP *Jeff Heynen* said in a statement. “It will be interesting to see if this momentum and resilience will carry into the fourth quarter and 2023, given the macroeconomic headwinds.”

### UNWRAPPING HOLIDAY PROGRAMMING PRESENTS

Santa’s leaving early gifts this holiday season. **Hallmark Channel** has once again enjoyed the ratings boost from its “Countdown to Christmas programming” event. It’s been the most-watched entertainment cable network in the quarter to date. This past week saw the channel top entertainment cable nets in total day and weekend total day among households, W18+, total viewers and W18-49. From Oct. 21-Dec. 4, the network has reached 34 million unduplicated total viewers. It’ll look to repeat the feat this weekend with a lineup that includes “The Most Colorful Time of the Year,” “Christmas Class Reunion” and “The Holiday Sitter.” Sibling **Hallmark Movies & Mysteries** is also rolling out movies weekly at 10pm, with “The Gift of Peace” on tap for Saturday before “Five More Minutes: Moments Like These” debuts Dec. 17. – Hallmark’s not the only net filled with the holiday spirit. **Lifetime**’s adding a little magic to its annual holiday movie lineup by teaming up with *Patti LaBelle* and **AARP** charitable affiliate Wish of a Lifetime for the “Gift of a Lifetime” initiative. This year’s recipient is *Catherine Penta*, a 69-year-old

retired teacher from rural Pennsylvania. She is the primary caregiver for her husband, who became a paraplegic after an accident caused damage to his frontal lobe. With the help of Wish of a Lifetime, Penta and her family were treated to a trip to NYC that came with VIP tickets to the Macy’s Thanksgiving Day Parade, a VIP experience at SeaWorld Orlando, a Thanksgiving dinner, kayak, smart countertop oven, baking materials and an Amazon gift card. Penta and her story will be shared across Lifetime’s social and digital platforms, as well as on-air as part of “It’s a Wonderful Lifetime,” Lifetime’s holiday slate, which includes the premieres of “Scentsational Christmas” on Thursday and “Record Breaking Christmas” on Dec. 15. – **UPtv** is hosting interactive watch parties every weekend for its holiday programs, including Saturday’s “A Royal Christmas Match” and Sunday’s premiere of “Small Town Christmas: North Pole, Alaska” at 9pm. – **Vizio** is putting together a collection of shows and moves, on-demand exclusives, music and other content for its SmartCast audiences. “Winter Watchland” will have the premieres of “Christmas Lucky Charm,” “Santa’s Got Style” and “Christmas on the Slopes” on WatchFree+. Viewers will also have access to the Vizio Holiday Movies Channel, On-Demand Holiday Hub and the Vizio Fireplace Channel. – **Scripps Networks** has a slate of five new original holiday movies premiering on **ION** and **Bounce** this season, part of nearly 200 hours of holiday programming. Sunday is ION’s debut of “A Prince and Pauper Christmas,” starring *Brittany Underwood* with a guest appearance by *Tom Arnold*.

### FRNDLY TV ECLIPSES 700K MILESTONE

Affordable vMVPD service **Frndly TV** reached 700,000 subscribers Wednesday. The provider has seen 40% subscriber growth over the past year as more get in on the \$6.99/month starting point. Frndly TV has over 10,000 shows and movies as well as more than 41 live linear channels, including **Hallmark Channel**, **Game Show Network** and **A&E**.

### AT THE COMMISSION

The **FCC** is committing nearly \$54 million in a new Emergency Connectivity Program funding round. The funds will support applications from all three of the program’s funding rounds and benefit approximately 150,000 students in Florida, Massachusetts, Minnesota, Missouri, Washington and West Virginia. To date, the FCC has committed more than \$6.4 billion to schools and libraries through the ECF.

### PEOPLE

With *Todd Schurz* set to retire as President/CEO of **Schurz Communications** at year-end, the board has elected *John Reardon* to lead the company, effective Feb. 1. Reardon has been an independent director for Schurz since 2020 and has worked in the telecom and tech space for more than 20 years. His resume includes working with various broadband providers as counsel at **Kutak Rock**, serving as Director of Strategies for **Smart Cities at American Infrastructure Partners** and a stint as CEO for wireless communications company **Choctaw Telecom**.

## Think about that for a minute...

### The Three Laws

Commentary by Steve Effros

Isaac Asimov, a scion of science fiction, wrote or edited over 500 books. However, his most lasting contribution, I suspect, was his articulation of “the three laws of robotics.” Those “three laws” first appeared in the early 1940s as Asimov began writing about both the benefits and the drawbacks of what he called robotics. Today we are using a broader concept, “AI,” or “artificial intelligence.” The perspective might be slightly different, but the difficulties are the same.

First, the “three laws,” and then the addition of a fourth (called the “Zeroth” when Asimov realized in the 1950s that the first three had a significant loophole.)

#### First Law

A robot may not injure a human being or, through inaction, allow a human being to come to harm.

#### Second Law

A robot must obey the orders given it by human beings except where such orders would conflict with the First Law.

#### Third Law

A robot must protect its own existence as long as such protection does not conflict with the First or Second Law.

You can easily identify where Asimov was coming from at that time. He wasn't worried about what people would do, he was worried about what they might have “robots” do, or what those “artificially intelligent” machines could do to people. But when it became clear that robots might wind up being used to organize and operationally run and oversee entire communications and infrastructure systems or governments, the “Zeroth” law was added.

#### Zeroth Law

A robot may not harm humanity, or, by inaction, allow humanity to come to harm.

Change the word “robot” to “computer” or “AI” and you will understand why I am writing about all this here. As I mentioned in a previous column, we're going to be hearing an awful lot about “AI.” The “generative AI” I discussed, of programs like the newest “ChatGPT” now becoming popular that allow users to give general

instructions which then result in a program “generating” things like poems, columns, art and so on, have proliferated rapidly and are getting remarkably good.

So good, in fact, that there is already significant blowback regarding copyright issues, the inability to tell when something is original or not, and in general, the speed at which computers are “learning” to “learn.” That's led lots of important folks to issue significant warnings, including Bill Gates and the late Stephen Hawking. Because AI can develop so quickly, and human beings evolve so slowly, Hawking warned that we could be “tragically outwitted.”

Both Gates and Hawking suggest that AI can either be the best or worst thing that has happened to mankind, depending on how we use and control it. Unfortunately, we haven't figured that out yet and computers are clearly now evolving at an exponential rate. We need to consider the potential consequences and apply the societal “brakes” as soon as possible. We failed to do that in the development of the internet. We didn't foresee the potential problems involved with unfettered distribution of misinformation, the abuse of private data and the like. As my grandmother always cautioned, “...even a donkey doesn't trip over the same stone twice!”

But what to do? Well, we are still trying to figure that out with the internet, social media and the like, and the same general issues are going to arise with AI. Is there a way to devise simple rules, like the “three laws,” that can address some of them? I think so, and it starts not with trying to monitor every algorithm, but with at least a

demand for transparency. We need to know where every algorithm comes from, who wrote it, and who's responsible for its use. Easy to say, hard to do. But we have to start some-where.



*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.)*

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