

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Early Numbers: DISH 4Q22 Underwhelms Across Video, Wireless

DISH released preliminary operating results for 4Q22 and the full year Tuesday, and the news across the business is far from rosy.

DISH lost 191,000 satellite TV subscribers in the quarter in large part due to a drop in gross additions, not an increase in the number of its customers looking to cut the cord. It only added 149,000 subscribers in 4Q22, its lowest total in more than 20 years, but its churn rates is stable at 1.51%.

The situation may only be worsened by the plethora of broadband buildouts coming over the next few years thanks to grants through federal and state programs, specifically those in rural areas that fall on the wrong side of the digital divide. At the same time, those communities are the prime targets for **Verizon** and **T-Mobile** as they try to grow their fixed wireless subscriber numbers. There's also the expansion of satellite services like **Starlink** that promise to connect those in the hardest-to-reach places.

During an appearance at the Citi Communications, Media & Entertainment Conference earlier this month, T-Mobile CFO *Peter Osvaldik* made it clear that his company's fixed wireless product is gaining momentum in rural communities that are desperately in need of a high-speed broadband option.

"It's definitely been majority consumer for us at the moment, but business continues to increase their growth of the high speed internet product. We're seeing it spread across rural

and urban," he said. "Again, I would suspect the mix will shift a little bit more to the rural and suburban, or the smaller markets and rural areas as that network build continues to progress. But that demand is fabulous on this product."

The availability of stronger connections unlocks alternative video options that weren't previously able to be considered by rural households, including vMVPDs and the plethora of standalone streaming services like **Netflix** and **HBO Max**.

"Cordcutting for SVOD and vMVPDs wasn't an option for rural households without adequate broadband connections. It will be soon," **SVB MoffettNathanson** said in a note. "DISH's retreat-to-rural strategy worked well for a time. But it leaves them increasingly vulnerable to these various rural incursions."

Sling TV isn't offsetting the bleeding on the pay TV front, losing 77,000 subscribers in the quarter. It's a massive loss that leaves the service's base meaningfully smaller, similar to the size it boasted in the first half of 2018. On the wireless side, DISH has started construction on more than 15,000 5G sites that, if completed, cover more than 60% of the U.S. population. Construction starts are continuing at a rate of approximately 1,000 sites per month, so long as DISH can keep finding the money to fund its buildout. The preliminary numbers were released alongside two announcements of debt offerings for DISH. It plans to offer approximately \$500 million aggregate principal amount of its senior secured notes. It also priced an offering of \$1.5 billion aggregate principal amount of its 11.750% senior secured notes due 2027. The net proceeds



Who Deserves to Rank Among Cablefax's Annual Top Power Players?

The Cablefax 100 salutes the most influential executives whose leadership continues to take the industry to new heights. We will rank the top professionals in the media, cable & broadband industry and publish the list in the June edition of Cablefax: The Magazine.

It's free to enter — but you must submit your entries by Jan. 21!



Nominate at www.Cablefax100.com | Questions: Kate Schaeffer at kschaeffer@accessintel.com

of the offerings will be used for general corporate purposes, including the buildout of the company's wireless infrastructure.

New Street Research was optimistic about what the latest rounds of debt raising mean for the wireless business, estimating that this will bring the DISH very close to breakeven on its wireless business, or at the very least put it on the right track to achieving it.

"Whether this fully funds the business through breakeven, or mostly funds the business through breakeven, we view putting cash on the balance sheet as a strong positive for the debt and equity," it said in a note. "The fact that debt costs have improved a little is nice too."

OAN VS DIRECTV

DirecTV says the Superior Court of California has stricken the central claims made by **Herring Networks** regarding its decision not to renew **One America News** last April. "While we've anticipated this positive outcome, we're pleased the judge has ruled in our favor and dismissed OAN's central claims regarding our decision to not renew a commercial agreement with the programmer," DirecTV stated. While most of OAN's claims were thrown out, the suit isn't dead, which Herring sees as a win. A key issue is whether DirecTV breached the contract by disclosing the OAN expiration date. "We are grateful that the Court has ruled in One America News' favor by allowing our Breach of Contract claim to proceed against DirecTV in earnest. We look forward to doing just that," Herring Networks attorney *Eric Early* told **CFX**. "Also note that the Court has not dismissed our ongoing claims against **AT&T, Inc., AT&T Services** and AT&T's Chairman *William Kennard*." *The Times of San Diego* was at Friday's five-minute hearing and [notes](#) one issue still to be decided is whether AT&T board chair Kennard can

be deposited over alleged efforts to end the OAN deal.

FCC PROPOSES \$62M EBB FINE

The **FCC** has proposed a \$62 million penalty against **Q Link Wireless** for what it says is an apparent violation of the Emergency Broadband Benefit Program by seeking and receiving reimbursement for connected devices in excess of the market value. Q Link, which has provided wireless Lifeline service on a resale basis since 2012 in 31 states, Puerto Rico and the U.S. Virgin Islands, has 30 days to respond to the proposed penalty and explain why the Commission should not initiate proceedings to bar it from the Affordable Connectivity Program. The agency claims Q Link overclaimed support of hundreds of thousands of computer tablets and obtained more than \$20 million in improper disbursements from the EBB program between December 2021 and March 2022—the months at issue in the Enforcement Bureau's investigation. The Bureau said Q Link apparently claimed approximately \$32.9 million in overpayment over the course of the EBB program (May 2021-March 2022). Q Link offered a tablet model known as the Scepter 8, which doesn't appear to have been available at retail and was apparently provided exclusively to Q Link by manufacturer **Hot Pepper**, according to the FCC's Notice of Apparent Liability for Forfeiture. The Commission claims the reimbursements for the 8-inch Android tablets "apparently substantially exceed[ed] their market value." Since the Scepter 8 isn't available at retail, the FCC sought to compare it to retail devices with similar specs, thus settling on a market value of at most \$60. At that price, the maximum per device reimbursement allowed under FCC rules would be \$49.99 (\$60.00

Corporate Licenses

Cablefax Daily

WHAT THE INDUSTRY READS FIRST.

Get reduced subscription rates for multiple readers in your organization.

Find out more! Contact Client Services at ClientServices@accessintel.com

www.cablefax.com

Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC | www.cablefax.com | 301.354.2101 | Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com | VP/Group Publisher, Cablefax and Synopsis: Robbie Caploe, 917.974.0640, rcaploe@accessintel.com | Managing Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com | Associate Editor: Noah Ziegler, 301.354.1704, nziegler@accessintel.com | Director of Business Development, Cablefax: Ellen Kamhi, 917.626.5574, ekamhi@accessintel.com | Dir of Marketing: Kate Schaeffer, kschaeffer@accessintel.com | Production Manager: Joann Fato, jfatto@accessintel.com | Kerry Smith, Divisional President, Marketing & Media Group, ksmith@accessintel.com | Group Subs/Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com | Annual subscription price: \$1,799.00/year | Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

market value minus the \$10.01 co-pay from customer). As a result, the FCC said Q Link appeared to receive an overpayment of approximately \$50 per device.

TELEMUNDO, USSF REACH MEDIA RIGHTS DEAL

NBCUniversal Telemundo Enterprises and the **U.S. Soccer Federation** struck a multiyear media rights agreement to make Telemundo the Spanish-language destination for the men's and women's national teams in the U.S. The deal will see over 20 matches broadcast across Telemundo, **Universo** and **Peacock**, and of those contests include the SheBelieves Cup, CONCACAF Nations League and friendly matches. Telemundo is also set to host coverage of the 2023 FIFA Women's World Cup, 2024 Olympic Games and 2026 FIFA Men's World Cup, which will be hosted by the U.S., Mexico and Canada. The partnership officially begins tonight as the U.S. women's team takes on New Zealand at 10:05pm.

FCC MEDIA OWNERSHIP REVIEW DEADLINES

We're still waiting for the **FCC** to release the 2018 Quadrennial Review, but it's moving ahead with the 2022 review of media ownership rules. Its notice seeking comment on whether the ownership rules remain necessary in the public interest was published in the Federal Register Tuesday, which puts the deadline for comments in the Quad Review at March 3. Reply comments are due March 30. The agency is required every four years to examine its media ownership rules, which include a provision generally prohibiting two Top 4 broadcast stations in a local market from combining. The agency published the notice late last month, asking questions such as whether it should adjust its analysis to account for the rise of streaming and are there areas in which consumers rely uniquely on broadcast media.

NEXSTAR RESTRUCTURES AD SALES UNIT

Nexstar is shaking up its ad sales structure with a trio of appointments as the company looks to focus on a client-first approach with a data-driven, multiplatform focus. *Todd Braverman* is joining Nexstar as EVP, Head of National Sales after spending nearly 15 years at **Warnermedia**. He'll help identify go-to-market strategies for agencies, clients and audiences. *Brad Epperson*, who was previously SVP, Business Operations and Services for **NBCUniversal**, is now Nexstar's EVP, Platform Operations & Technology, where he'll manage ad revenue commitments and client expectations. *Lori Tavoularis* was promoted from Chief Revenue Officer/EVP, Revenue Operations to Chief Business Officer and will oversee the teams that are developing next-gen ad capabilities. All three will report to Chief Revenue Officer *Michael Strober*.

STREAMING, CLOUD BOOSTS INTERNET ACTIVITY

The continual rise of streaming and reliance on virtual offerings helped global internet traffic volume increase 23%, according to **Sandvine's** [2023 Global Internet Phenomena Report](#). Video usage saw a 24% surge in 2022, bringing its total amount to 65.93% of all internet traffic. "Marketplace" and "Gaming" followed as the top categories for usage with 5.83% and 5.58%, respectively. **Netflix** overtook **YouTube** as

the individual video application that generates the most traffic, with other platforms such as **Disney+** (fifth), **Tik Tok** (sixth), **Prime Video** (seventh) and **Hulu** (eighth) also cracking the top ten. Overall, Amazon, **Apple**, **Facebook**, **Google**, **Microsoft** and Netflix account for nearly half of all internet traffic, with Google and Netflix leading the way with the largest volumes.

FRONTIER GETS REAL ESTATE HELP

Frontier announced Tuesday that it selected the commercial real estate company **Newmark** to manage the provider's real-estate portfolio. Frontier currently has thousands of properties across 25 states and is seeking to use Newmark's business intelligence technology platform to streamline its portfolio and identify additional operational benefits as the company transitions to a fiber-first strategy.

RATINGS

Sunday's series debut of **HBO's** "The Last of Us" accumulated 4.7 million viewers across linear and **HBO Max** platforms in the U.S., according to **Nielsen** and first-party data. That makes it HBO's second-biggest premiere, behind "House of the Dragon" which began in August. New episodes of The Last of Us will continue to roll out on Sundays at 9pm.

EX AMCERS JOIN KINO LORBER

Former **AMC Networks** COO *Ed Carroll* and **IFC Films** chief *Lisa Schwartz* have joined **Kino Lorber's** senior leadership team as Chief Strategy Officer and Chief Revenue Officer, respectively. Kino Lorber is an independent art house distributor that recently acquired **MHz Networks**, parent of streamer MHz Choice, the leading North American SVOD service dedicated to international television series. The two have been tasked with helping to shape the company's content and distribution strategies, including an accelerated expansion into digital spaces.

PEOPLE

NBCUniversal Content Distribution appointed *Amy Geary* as SVP, Content Distribution, reporting to President, Content Distribution *Matt Schnaars*. Geary will manage distribution partnerships such as **Apple**, **DirecTV**, **Google/YouTube TV**, **Hulu**, **NCTC** and **Verizon**. Geary was previously VP, Content Acquisition at **Comcast** and made stops at **Viacom** and **Disney**. – **Hallmark Media** made former **Britbox** exec *Emily Powers* its EVP, Streaming & Digital Platforms. She'll lead the strategic direction of digital platforms, as well as collaborate to create a roadmap for the relaunch of its SVOD service and future AVOD and FAST platforms. Powers will be based in New York and report to President/CEO *Wonya Lucas*. – *Jeffrey Gee* is joining **Wilkinson Barker Knauer** as a Partner. He'll work in the firm's Washington, D.C. office after being the Chief of Investigations and Hearings Division at the **FCC's** Enforcement Bureau. At the Commission, Gee oversaw investigations and enforcement proceedings across broadcasting, cable and satellite operations, as well as broadband internet access service. He dealt with cases involving privacy, consumer protection and more. Before the FCC, he was in private practice, representing media and telecommunication companies.