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Cogeco executives said during their third-quarter earnings report that 65% of broadband competition faced by recently expanded U.S. asset Atlantic Broadband is DSL. The favorable competitive landscape faced by the ninth biggest U.S. cable operator is, of course, a nice hedge for Canadian parent Cogeco. One quarter of the Montreal-based operator's footprint has access to fiber-to-the-home, while another 25% has access to "fiber-to-the-node" services. Amid the competitive landscape, Cogeco has been growing annual revenue at only around 3%.

Cogeco execs also said their $1.4 billion acquisition of 236,000 MetroCast residential and business passings in New Hampshire, Maine, Pennsylvania, Maryland and Virginia is slated to close in January. The further expansion of Atlantic Broadband's footprint came two years after the $200 million purchase of MetroCast's Connecticut systems. During their Q3 presentation, Congeco executives continued to tout the operational symmetry of the additional MetroCast customers, noting the growth they've managed to kickstart in the earlier Connecticut purchase. Customers in that system grew 11% from Q3 2016 to Q3 2017, they said, with bundled subscribers up 13%.

With the second MetroCast purchase, Atlantic Broadband now passes 850,000 businesses in secondary markets, and it has around 450,000 residential and business customers. It's now producing $715 million in annual revenue and has 1,250 employees. Cogeco's "U.S. cable business continues to see healthy RGU growth of 3% and ARPU growth of 4%, which we believe is sustainable given its broadband market position and pricing power," said ScotiaBank analyst Jeff Fan in a note to investors this morning. "Furthermore, because Atlantic Broadband's footprint is in secondary markets, it is seeing less impact from vMVPD competition that many MSOs are seeing in larger markets." – ***Fierce Cable***

The prospect of losing $140 million set aside to expand high-speed internet service in the state, including $3.2 million set aside for Westmoreland County and $1 million for Allegheny County, has state officials worried. "We are deeply concerned that the loss of this funding will widen the gap between Pennsylvania communities and businesses that

[Sen. Pat Toomey talks tax reform, guns during *Morning Call* interview]

***Philadelphia Inquirer* [Editorial: Hafer wrist slap par for PA's corrupt political culture]**

Today is Election Day. Polls are open in Pennsylvania until 8:00 pm. Find your polling location here. More info at VotesPA.com.

have access to higher broadband speeds, and those without — not just between rural areas and larger cities, but also, in many cases, between neighbors in the same counties," said Pennsylvania Public Utility Commissioner David Sweet.

Verizon qualified for a Federal Communications Commission program — the Connect America Fund — which helps telecommunications companies pay for new network infrastructure or upgrades. But Verizon declined subsidies in 11 states, including more than $23 million in annual funding to expand high-speed internet to 64,620 Pennsylvania homes and businesses. A total of 64 counties were affected, including 31 counties that stand to lose at least $1 million each over six years.

The FCC plans to "auction off" the unclaimed money, which means it could end up paying for broadband expansions in other states. Verizon spokesman John Johnson said the company supports Pennsylvania's efforts to keep the federal money. Verizon, whose Fios high-speed fiber network is available primarily in metro areas up and down the East Coast, declined the funding because, "We committed to a certain amount of Fios network build and, since 2010, have focused on completing that work ... before looking at building fiber in new areas," Johnson said.

It's unlikely that another large telecommunications company would step in and offer services to these areas, so the FCC should rethink its program, said James Kail, president and CEO of Stahlstown-based LHTC Broadband. "If they want this work done, turn to the smaller companies. They're the ones that have the track record," he said. Formerly known as Laurel Highlands Total Communications, the company offers fiber-optic broadband in a 175-square-mile area covering parts of Westmoreland and Fayette counties. It bought a telephone company in the Scranton area and is converting its 65-square-mile service area from copper phone lines to fiber optics.

Since 2011, the FCC has put a $2 billion cap on the universal service funding that LHTC and other small providers can receive while it literally can't give away money to some of the larger providers, he said. “They thought the big guys would come in and take care of it,” Kail said. Consequently, in many rural parts of the state, fast internet is a pipe dream. Residents in sparsely populated areas with little or no high-speed infrastructure say it's next to impossible to stream TV shows, telecommute, do videoconferencing or consistently access their cloud-based email. Businesses struggle with slow connections, too. “Incredibly frustrating,” said Leslie Demmert, a retired Penn State staffer whose poky DSL service kept her from paying bills online.

About 800,000 Pennsylvania residents lack access to high-speed internet, most of them in more remote areas of the state, according to the FCC. That includes about 11,000 people in Allegheny County and 13,000 in Westmoreland County. Twenty percent of rural Pennsylvanians do without speedy internet connections, compared to 3 percent in urban areas, an example of the so-called digital divide between technological haves and have-nots.

The agency released those figures in January, and based it on areas where internet speeds are less than 25 Mbps. More recent data show that about 450 people in Allegheny County and 3,400 in Westmoreland live in areas where the internet speeds are less than 10 Mbps. The FCC's plan to auction the remaining money means that customers such as Jake Weldon might not see a speedy wired internet connection anytime soon.

Weldon, a tractor supply owner, said his persistently slow DSL connection is a huge headache. Many facets of the business are conducted online, from parts lookup and ordering to counter sales and business management. “It's a major problem for us, and it's frustrating when you're across the counter from a customer trying to complete a sale and you watch the spinning ball,” he said.

The utility commission joined state economic development officials in petitioning the FCC to modify its auction rules to give additional weight to Pennsylvania bidders. The FCC has yet to rule on the petition, which was submitted in April, though it has previously declined to give preference to states where phone companies turned down the funding. One exception was New York, which received an FCC waiver and will retain access to up to $170 million in rejected federal subsidies. The FCC cited New York's $500 million broadband program in granting the auction waiver. “No other state has demonstrated that they have adopted a similar program that would achieve the same or similar public interest benefits,” the FCC said in a filing. – ***Pittsburgh Tribune-Review***

Comcast is joining Verizon in asking the Federal Communications Commission to block states from attempting to regulate broadband providers. The cable giant says in a new regulatory **filing** that it recently met with FCC officials and lobbied for a "clear, affirmative ruling that expressly confirms the primacy of federal law ... and that preempts state and local efforts to regulate BIAS (broadband internet access services) either directly or indirectly."

The company adds that "generally applicable state consumer protection authority" would still be allowed under its proposed approach, but only if there is no conflict with federal policy. In other words, Comcast wants the FCC to declare that states can't pass their own net neutrality rules, should the agency move forward with Chairman Ajit Pai's proposal to gut the current ones. The FCC's 2014 net neutrality rules classified broadband as a utility service and impose several common carrier rules on providers -- including bans on throttling and blocking, and on charging higher fees for prioritized delivery. Pai has proposed reclassifying broadband as an information service. If the FCC does so, the agency arguably would no longer have the authority to stop broadband providers from throttling or blocking material, or from engaging in paid prioritization.

Comcast's filing also suggests it wants the agency to block state broadband privacy rules, although the document doesn't specifically mention the word privacy. Last year, the FCC passed regulations that would have required broadband providers to obtain subscribers' express permission before tracking their web use in order to serve them with targeted ads. Those rules were repealed by Congress this year. Broadband providers and ad groups cheered the move, but the decision wasn't popular with everyone: A **survey** by

Huffington Post and YouGov showed that more than 70% of Republicans and Democrats wanted President Donald Trump to veto the repeal.

Since April, officials in around 20 states, including California and New York, introduced their own broadband privacy rules. Those efforts have not yet yielded new legislation, but some states could still move forward next year. Just last week, the New America Foundation's Open Technology Institute published **model language** for state privacy laws. The OTI's model bill not only prohibits broadband providers from tracking users for ad purposes without their consent, but also bans pay-for-privacy schemes that involve charging customers higher fees to avoid ad targeting.

AT&T, which pioneered pay-for-privacy, **until recently** charged some U-Verse customers up to $66 a month to avoid having their web-browsing activity used for ad purposes. Last year, AT&T abandoned that pricing model. Comcast, however, recently indicated an interest in exploring pay-for-privacy billing. "A bargained-for exchange of information for service is a perfectly acceptable and widely used model throughout the U.S. economy, including the Internet ecosystem, and is consistent with decades of legal precedent and policy goals related to consumer protection and privacy," Comcast **told the FCC** last year. – ***MediaPost;*** **more from *Washington Post***

Walt Disney Co. recently held talks to purchase a large chunk of 21st Century Fox 's entertainment businesses, people close to the discussions said, signaling that Disney is serious about bolstering its laggard TV operations and that media mogul Rupert Murdoch is open to a surprising restructuring of his empire.

Disney approached Fox in recent weeks about buying its cable TV networks such as FX and National Geographic Channel, the Twentieth Century Fox studio and international distribution operations, the people said. Such a deal would have left 21st Century Fox focused on sports, news and broadcast TV. The talks, first reported by CNBC, ran into an impasse over price and other key terms and have cooled substantially, though they could be restarted, one of the people said.

Traditional media companies are racing to adapt to sweeping industry changes that threaten their business, including the rise of streaming-media services that are siphoning away cable TV subscribers and mergers that have given tremendous clout to a handful of distributors such as Comcast Corp., Charter Communications and AT&T Inc. Fox shares rose 10% on news of the talks, while Disney stock was up 2%.

Acquiring some of Fox's prized assets would help Disney upgrade its struggling television business, which has been hit by ratings troubles and subscriber declines at networks such as Disney Channel and ESPN. A deal would also give Disney more content for streaming services it plans to launch in the next two years and would significantly increase Disney's exposure to foreign markets in which Fox has a stronger presence.

Fox wasn't happy with the terms Disney proposed, but is open to the idea of selling the assets, people familiar with the matter said. Fox for years hasn't been viewed on Wall Street or in the media industry as an acquisition target because it was run by Mr. Murdoch, who it was thought wanted to hand over the business to his sons, James and Lachlan Murdoch. The Murdochs have a 39% voting stake in 21st Century Fox.

Mr. Murdoch had spent the past several years setting up his sons to take the helm. In 2013, he split his media empire into News Corp , owner of The Wall Street Journal and other publishing businesses, and 21st Century Fox, home to the major entertainment assets. Two years later, the elder Mr. Murdoch **stepped aside as chief executive of 21st Century Fox** and handed the title to his son James, while Lachlan was named executive co-chairman at Fox. The elder Mr. Murdoch remains executive co-chairman.

A deal like the one contemplated with Disney would throw into question that succession planning. These days, the elder Mr. Murdoch, who has spent decades building his interests in entertainment, has much of his attention focused on Fox News, which would remain in the fold of 21st Century Fox under the deal considered with Disney, the people say. Fox News has been dealing with the fallout of sexual-harassment scandals and adjusting to a prime-time lineup with new faces after high-profile departures, though it has maintained its No. 1 position in the cable-news ratings. The elder Mr. Murdoch took the reins at Fox News last year after longtime boss Roger Ailes was forced out over sexual-harassment allegations, over which the company has paid out tens of millions of dollars in settlements. Mr. Ailes, who died this year, denied the allegations.

Fox felt that if it sold off entertainment assets to Disney, the slimmed-down news and sports-focused media company that remained could be successful, just as CBS Corp. has been a top performer despite not being among the largest media conglomerates, one person familiar with the situation said. In 2014, the Murdochs attempted to purchase Time Warner Inc., the owner of CNN, HBO and Warner Bros. But **Fox abandoned its pursuit** after Time Warner rebuffed its advances and Fox's stock price declined. AT&T Inc. is now in the process of acquiring Time Warner, pending regulatory approval. Since the failed pursuit of Time Warner, Fox shares had fallen 17% before Monday's news as the broader market climbed.

Under the deal that was discussed, Disney would have acquired Fox's 39% stake in U.K. pay-TV company Sky. Fox has bid $15.5 billion to buy the rest of Sky to help expand its global media empire, but **the deal has been held up** by the U.K. government as it continues to review whether the acquisition would put too much power in the hands of one media company. The talks with Disney could "put a question mark" over Fox's Sky acquisition proposal, according to Credit Suisse analyst Omar Sheikh. One of the people familiar with the situation said in light of the stalled talks, the company will continue to pursue the Sky transaction.

Disney's TV unit, driven by ESPN and to a lesser extent by the Disney Channel and ABC broadcast network, reported an 11% drop in profit in the nine months ended July 1. The company has been hit hard by cord-cutting and viewership is down at its family-targeted channels. Disney also has less TV business in developing markets than competitors like Fox, making it more vulnerable to U.S. trends like declining subscriptions to traditional cable and satellite TV packages.

Disney Chief Executive Robert Iger in July announced plans to launch **a pair of subscription streaming services** to help battle rivals like Netflix Inc., from which it is pulling its new movies at the end of next year. While the purchase of Fox assets under discussion wouldn't have affected a planned ESPN streaming offering in 2018, it could have bolstered a family-entertainment offering planned for 2019. A deal would also give Disney majority control of the streaming service Hulu, which could be positioned as an adult-targeted streaming service. Disney and Fox each currently owns 30% of Hulu. Comcast Corp.'s NBCUniversal and Time Warner Inc. own the rest. "We see the real strategy here as Fox content helping Disney build out its direct-to-consumer strategy," said RBC Capital Markets analyst Steven Cahill.

The assets Disney was looking to acquire from Fox include 20th Century Fox Television, which produces content for the Fox network and rival networks, including the NBC hit "This Is Us," ABC's "Modern Family" and CBS's "Life in Pieces." Fox's cable channels such as FX, known for edgy fare with adult language and content, contrast with Disney's sweet spot of family-oriented fare. The international business could be a key attraction for Disney. Fox says its international holdings help it reach more than one billion subscribers in roughly 50 languages in more than 170 countries, spanning Europe, Asia, the Middle East and Latin America. – ***Wall Street Journal***

SoftBank is willing to re-engage Charter Communications on a deal if the cable giant's management indicates interest, sources told CNBC. During the summer the Japanese conglomerate had worked on a move to acquire Charter for $540 a share in cash and stock, the sources said. SoftBank would have contributed Sprint shares to the new company at roughly $10 a share, they said. Charter shares traded around $402 as recently as September but have since fallen. They opened for trading at $338 on Monday.

SoftBank's founder Masayoshi Son had been trying to put together a deal to combine Sprint and T-Mobile but talks were drawn out as the two sides battle over governance and control issues. Those talks officially **ended Saturday** as both companies said a deal could not be reached. But Son has also **mulled a deal with Charter,** which is 27% owned by Liberty Media and its chairman, John Malone. Liberty and the Newhouse family together control almost 50% of Charter's equity. Liberty was interested in the SoftBank offer while Charter's management was not, the sources told CNBC. Liberty's broadband operation would have rolled into the new company, the sources said. – ***CNBC***

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