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Comcast Corp. said net profit rose 11% in the third quarter as it added a record number of customers and got a boost from the acquisition of European pay-TV giant Sky PLC and its fast-growing mobile-phone division. The Philadelphia-based company reported a profit of \$3.22 billion, or 70 cents a share, up from \$2.89 billion, or 62 cents a share, in the same period last year.

Comcast's growth in broadband services continued to make up for its pay-TV subscriber losses. Overall revenue increased 21% to \$26.83 billion, boosted by its broadband revenue and Sky acquisition, which wasn't reflected in the year-over-year earnings. The Comcast Cable unit, which includes its cable TV, broadband, landline phone and mobile phone businesses, had 309,000 more customers at the end of the third quarter than it did at the end of the second quarter—a record in quarterly customer additions. Comcast added 379,000 high-speed internet customers during the period, driving a 9.3% increase in broadband revenue to \$4.72 billion.

Broadband subscriptions are surging as viewers leave behind traditional pay TV, cutting the cord for streaming services like Hulu Inc. and Netflix Inc. For Comcast, this marked the 10th consecutive quarter of pay-TV subscriber decline. Comcast said it lost 238,000 cable customers, with revenue in the segment shrinking by less than 1% to

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\$5.54 billion. Comcast in September cut the price of its own streaming hardware, known as Flex, to nothing for its broadband-only customers. Flex competes with other streaming devices like Roku and Amazon.com Inc.'s Fire TV Stick.

Meanwhile, Comcast's Xfinity Mobile, which launched about two years ago, added another 204,000 customers. Currently Xfinity Mobile has roughly 1.8 million lines, a 78% increase from a year ago. Comcast was one of the first of its peers to launch a mobile business to vie against traditional providers such as AT&T Inc. Charter Communications Inc. and Altice USA Inc. now offer mobile service to their customers, in hopes of better retention among its cable and broadband customers.

Comcast's NBCUniversal unit reported \$8.3 billion in revenue, down 3.5% from a year ago. The company said "Fast & Furious Presents: Hobbs & Shaw" performed well in theaters, but not as well as "Jurassic World: Fallen Kingdom" in the year-earlier period. NBCUniversal's revenue across its cable network, broadcast television and filmed entertainment segments all decreased slightly. NBCUniversal unveiled details about its coming streaming service, Peacock, earlier this fall. Peacock is slated to debut next April and will be free to Comcast cable subscribers.

While Peacock will be available to cord-cutters for a fee, NBCUniversal is also looking to cut deals with other pay-TV providers that would let them offer Peacock free to their subscribers, The Wall Street Journal previously reported. Earlier this month, Comcast said it consolidated its TV-production business, and named veteran cable programming executive Bonnie Hammer as chairman of newly created NBCUniversal Content Studios. The company also named longtime Comcast executive Matt Strauss as chairman of Peacock.

The year-old acquisition of U.K.-based Sky remained a bright spot, as Sky added subscribers and continued to ride the wave of success from the television miniseries "Chernobyl." In response to "Chernobyl's" positive reception, Comcast said it would continue to invest in Sky's content along with NBCUniversal. Sky produced "Chernobyl" alongside HBO, which aired on Sky in the U.K. and in the U.S. on HBO, which is part of AT&T's WarnerMedia. Comcast had 55 million subscribers to Comcast Cable and Sky at the end of the third quarter. — *Wall Street Journal*

Roughly two decades have passed since the phrase "digital divide" was coined to describe the separation between those who have access to the internet and those who don't. It's bad enough that more than 21 million Americans in rural communities still live on the wrong side of that divide. It's even worse that an unintended tax provision is penalizing the very organizations that are taking steps to bridge the gap. Under the 2017 tax law, if community-based electric co-ops accept government grants to deploy broadband, they could lose their tax-exempt status and be forced to pay back a substantial chunk of that money to the government.

Most of America's 900-plus electric cooperatives — which are built by and belong to their communities — are recognized as tax-exempt organizations by the IRS so long as they receive no more than 15 percent of their income from non-co-op members. That means federal,

state and local grants to co-ops now count toward that 15-percent threshold. If that limit is exceeded, a co-op loses its tax-exempt status for that year and will be forced to pay taxes on the grant amount. This creates an **existential issue.**

As stewards of America's rural communities, many electric co-ops work hard to secure grants that allow them to expand broadband access in rural communities. **More than 100 electric co-ops are deploying broadband in their service territories.** This connectivity serves two key purposes: bridging the digital divide for co-op members and enhancing the network for utility business operations, including the ability to offer energy management technology to homes and businesses.

The recent tax law change leaves them with an unfair choice: accept the broadband grants to help close the digital divide or turn down those grants so they won't have to spend their members' money paying taxes rather than improving service. Otsego Electric Cooperative **received \$10 million in broadband grants** from the state of New York and federal Connect America Funds. This put the co-op well over the 15-percent limit for non-member revenue in 2019. Otsego will lose its tax-exempt status unless the law is changed this year.

Electric co-ops should be able to focus on enhancing the quality of life in their communities without fear of a federal tax bill. It is patently unfair for the government to fund broadband deployment projects with the right hand, only to have the IRS claw back a percentage of that funding with the left. The convergence of new technology and new partnerships has made rural broadband deployment more achievable than ever. Yet **low population density challenges and high costs remain hurdles** to successful rural broadband deployment. State and federal grants are an essential tool in the effort to bridge the digital divide.

Based on our conversations with the Treasury Department, congressional action is the only way to address this issue. Fortunately, key lawmakers recognize this is an unintended consequence of the 2017 tax bill and they're working together toward a solution before it hits home with their rural constituents. The bipartisan RURAL Act, introduced by **Reps. Terri Sewell (D-Ala.) and Adrian Smith (R-Neb.)** and **Sens. Rob Portman (R-Ohio) and Tina Smith (D-Minn.)**, will restore certainty and common sense. The bill ensures that co-ops do not jeopardize their tax-exempt status when they accept government grants. And in a political climate dominated by hyper partisanship, the bills enjoy overwhelming bipartisan support.

As co-ops across the nation prepare to apply for the next round of broadband grant funding, relief from this taxing problem can't come soon enough. – *The Hill*

