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Light Reading
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Los Angeles Times
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Fierce Cable
Cable networks running out of ways to justify higher distribution prices, analyst says

Nashville Tennessean
Google Fiber lags behind Comcast, AT&T in Nashville

pennlive.com
No deal yet between Gov. Wolf, Legislature, on Pa. budget package

Philadelphia Inquirer
Another down-to-the-wire push to complete Pa. budget

Canada's Cogeco Communications Inc. (CCA.TO) said Monday that it's subsidiary Atlantic Broadband has agreed to acquire all of the cable systems under the MetroCast brand name from Harron Communications L.P. for $1.4 billion. The acquisition will enable Cogeco Communications to bolster its presence in the growing and lucrative U.S. cable market. Atlantic Broadband, the ninth largest cable operator in the U.S., has entered into a definitive agreement with Harron Communications for the deal. The transaction is expected to close in January 2018. MetroCast's calendar 2017 revenue is expected to be $230 million, while its adjusted EBITDA is projected to be $121 million.

Louis Audet, president and CEO of Cogeco Communications, said, "The MetroCast systems are a strong strategic fit for Atlantic Broadband. With this acquisition, we are increasing our customer base in attractive markets adjacent to the ones we currently serve." Cogeco Communications will finance this acquisition through Atlantic Broadband with a combination of committed secured debt provided by two banks and an equity investment by institutional investor Caisse de depot et placement du Quebec. Atlantic Broadband CEO Richard Shea noted that following his company's acquisition and integration of the MetroCast Connecticut system almost two years ago, his company understands first-hand the sizable residential and business growth potential that it can expect with the remaining MetroCast systems.

Atlantic Broadband noted that the acquisition will add scale in the American Broadband services segment, which continues to exhibit steady growth and is expected to keep generating strong operating margins. Atlantic Broadband's Primary Service Units or PSU will increase from approximately 602,000 to 835,000 pro forma the acquisition. MetroCast's systems are largely located in non-metropolitan markets with attractive demographic profiles and market dynamics, according to Cogeco. In conjunction with the transaction, Atlantic Broadband expects to realize tax benefits with a present value of about $310 million. CCA.TO closed Friday's trading at C$79.80, up C$0.10 or 0.13 percent on a volume of 23,626 shares. – ***Nasdaq***

Frontier Communications Corp.'s big bets on landlines are unraveling.

The once small phone company amassed $17 billion in debt by **scooping up networks across the country** from Verizon Communications Inc. and AT&T Inc. It was a contrarian strategy that Frontier

Philadelphia Daily News **Time to change Pa.'s symbols**	could generate steady revenue from residential internet and video services even as wireless use exploded. Instead, Frontier has been losing customers and scrambling to cover looming debt payments. The Norwalk, Conn., company recently slashed its dividend, and its shares have tumbled 69% so far this year. It plans a 1-for-15 reverse stock split on Monday, a move designed to keep its Nasdaq listing.

Frontier's troubles multiplied in spring 2016 after it closed a $10.5 billion deal for phone and internet lines from Verizon. The move nearly doubled Frontier's revenue and gave it millions of new customers in California, Texas and Florida. They included 1.6 million subscribers on Fios, a fiber-optic service that appeared lucrative but hid some snags below the surface. "This last acquisition was largely about acquiring fiber," a strategy the company still supports, Frontier finance chief Perley McBride said. "It's just integration that didn't go well. When you double in size and you don't do it well, it's sort of up front and center."

Mr. McBride said he doesn't expect revenue growth anytime soon from the consumer markets acquired from Verizon last year. That is a reversal from the forecast of his predecessor, John Jureller, who in 2015 called the revenue trends "very positive." Revenue has instead declined companywide for the past year. Frontier's 2016 loss widened to $373 million from $196 million a year earlier. The company plans to devote at least $1 billion this year on capital spending to keep its network humming.

"Cable companies are beating the pants off Frontier," said Jonathan Chaplin, an analyst for New Street Research, noting that companies like Charter Communications Inc. have invested more heavily in marketing, network equipment and customer service in the past three years. The stiffened competition came just as Frontier faced pressure to cut costs, partly so it could pay for the networks it bought. The result was a series of network failures and **complaints about customer service**.

Compounding that challenge, Frontier said Verizon stopped writing off overdue accounts before the deal closed, saddling the acquirer with thousands of subscribers unlikely to pay their outstanding bills. Verizon is notorious for being very good sellers of assets," said Moody's Investors Service analyst Mark Stodden. The bond-rating firm recently downgraded Frontier's credit to B2, five steps below investment grade, citing "sharp subscriber losses" since the latest acquisition. Verizon spokesman Bob Varettoni said the company's "objective was to concentrate landline operations in contiguous northeast markets to enhance operational efficiency, and to sharpen our strategic focus on wireless."

Other telephone companies that have acquired assets from Verizon have also **suffered poor results**. Verizon's former Hawaiian franchise **filed for bankruptcy protection in 2008** after it was sold to a private-equity firm. FairPoint Communications Inc. **declared bankruptcy in 2009** after it spent $2.3 billion on Verizon landlines in New England. "If Verizon's selling assets, they're selling them for a reason," New Street's Mr. Chaplin said. In Frontier's case, "Verizon had taken those markets pretty close to saturation before they sold. That's the point at which they punted the assets to Frontier."

Verizon wasn't an unfamiliar business partner to Frontier, which paid $8.6 billion in 2010 to **acquire the wireless carrier's landlines in 14 states**. Frontier's profits were barely growing in the years leading up to its latest deal, but its performance took a turn for the worse after the deal closed. It was the Fios business that undershot executives' rosy expectations the most as cancellations climbed.

Departing customers remain one of the company's most daunting challenges. "Frontier must reverse its subscriber trends to demonstrate sustainability to the bond market or it will face growing refinance risk" as it approaches $2.4 billion in debt payments due in 2020, Moody's wrote in a May 24 research report.
Frontier's executives say the business is trending in the right direction. Customer losses, excluding canceled past-due accounts, have eased. New managers include a former executive of Alphabet Inc.'s Google Fiber hired to improve network performance.

Mr. McBride said Frontier had an eye on the future when it bought landlines from Verizon and AT&T, each time gaining networks with a bigger share of high-tech fiber optics and fewer copper wires. "The company's always stuck to its knitting of fixed-line communications services rather than venturing out into mobile," he said.

Another carrier, Consolidated Communications Holdings Inc., also pinned its future on fiber, though it snapped up many assets for less money. Its acquisition of FairPoint closed earlier this month for $1.3 billion, including debt. Consolidated said the deal would cut the combined company's costs and support its dividend. "Ourselves and Consolidated are sort of the last of the traditional telcos," Mr. McBride said. "But we can't operate that way." – ***Wall Street Journal***

Officials of telecommunications conglomerate AT&T said Illinois' landlines won't be going away anytime soon despite a new state law to end the traditional phone service.

The Illinois Legislature allowed AT&T to disconnect its remaining 1.2 million landline customers statewide when lawmakers overrode Gov. Bruce Rauner's veto and approved the telecom modernization bill last week, **the *Chicago Tribune* reported**. But the corporation needs approval from the Federal Communications Commission before it can do so. "It's important for our Illinois customers to know that traditional landline phone service from AT&T is not going away anytime soon," AT&T Illinois President Paul La Schiazza said.

The law also includes an increase in the 911 emergency service fee for all phone customers, including mobile, online and traditional landline. Rauner's veto was mostly focused on the 911 rate increases. "The new Illinois law helps plan for the eventual transition to only the technologies that customers overwhelmingly prefer today — modern landline service and wireless service," La Schiazza said. "While the timetable for that transition is undetermined at this time, it could take a number of years."

Critics of the new law said it'll leave behind residents, particularly senior citizens, who rely on a traditional landline telephone service. "If AT&T succeeds in ending traditional landline phone service, we think that will hurt people — particularly seniors and those with medical conditions — who depend on a landline as their most reliable link to vital services," said Jim Chilsen, a spokesman for the Illinois nonprofit watchdog group, Citizens Utility Board. "AT&T still must get final Federal Communications Commission approval to end traditional home phone service, so CUB will do everything it can to protect landline customers as this battle moves to Washington," Chilsen said. – ***Associated Press***

Pennsylvania state Rep. John Maher, R-Upper St. Clair, was charged Monday with driving under the influence in East Pennsboro Township, just west of Harrisburg. Maher, 58, had a blood-alcohol level of at least 0.16 — twice the legal limit — when he was driving in Cumberland County on June 13, according to court documents. Maher also was charged with making an unsafe U-turn and driving the wrong way. Maher, who has been a member of the state House of Representatives since 1997, represents parts of Allegheny and Washington counties. Maher did not immediately return an email Saturday seeking comment. – ***Pittsburgh Tribune-Review***

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