



December 17, 2015

Mr. Mark Moran  
City of Galena  
312 1/2 N. Main Street  
Galena, Illinois 61036-2327

Dear Mr. Moran

The purpose of this letter is to inform you that effective on or about January 18, 2016, Mediacom will be implementing the following rate adjustments impacting our video customers:<sup>22</sup>

Product:	Old Rate:	New Rate:	Net Change:
Local Broadcast Channel Surcharge <sup>23</sup>	\$4.34	\$7.64	\$3.30
Regional Sports Surcharge <sup>24</sup>	\$2.03	\$2.37	\$0.34

The decision to make price adjustments is always a difficult one. However, cable and satellite companies are constantly being pressured by the content companies we buy from to pay more for the channels that we carry.

Over the last decade, the most aggressive channel owners when it comes to price increases are the local broadcast stations like ABC, CBS, FOX and NBC. In fact, a recent industry analyst report indicates that broadcast station owners have increased the fees they charge to cable and satellite companies by an astounding 40% during each of the last 3 years.

Many of the channels that carry live sports have also been very aggressive in their pricing practices. In recent years, professional teams and college conferences are raking in huge amounts of money by selling off their TV rights to a growing number of national and regional sports networks. As the games spread out over more channels, the cost of delivering sports content continues to rise.

<sup>22</sup> Depending on the terms of their contract, certain customers on promotional rates may or may not receive this rate change at this time.

<sup>23</sup> In some customer communications the Local Broadcast Channel Surcharge is referred to as the Local Broadcast Station Surcharge.

<sup>24</sup> The Regional Sports Surcharge does not apply to customers that only subscribe to the Local Plus TV tier, as there are no regional sports networks carried in that level of service.

In order to bring more transparency to the massive fee increases being taken by local broadcast stations and sports networks, Mediacom instituted both a Local Broadcast Channel Surcharge and a Regional Sports Surcharge over the last several years. The Local Broadcast Channel Surcharge was previously equal to the fee increases that the local broadcast stations in your market have demanded we pay to them since the start of 2012, but now represents the entire cost of all the local broadcast channels Mediacom carries in your market. The Regional Sports Surcharge is equal to the increases that regional and certain other sports networks in your market have demanded we pay to them since the start of 2011.

For over a decade, Mediacom has been aggressively pursuing legislative and regulatory reforms to rules governing our Nation's wholesale video marketplace. By providing specific information about the price increases being demanded by the local broadcast station owners and sports networks, we ultimately hope to draw the attention of consumers and their elected representatives to this rapidly escalating problem.

Despite the increasing wholesale cost pressures faced by our business, Mediacom appreciates the opportunity to continue to serve your community's telecommunications needs. If you have any questions, please contact me directly 319-395-9699 ext. 3461 or via email at [lgrassley@mediacomcc.com](mailto:lgrassley@mediacomcc.com)

Sincerely,

A handwritten signature in blue ink that reads "Lee Grassley". The signature is written in a cursive, flowing style.

Lee Grassley,  
Senior Government Relations Manager