



November 20, 2017

Mr. Mark Moran
City of Galena
PO BOX 310
Galena, Illinois 61036

Dear Mr. Moran:

The purpose of this letter is to inform you that, on or about January 1, 2018, Mediacom will be implementing the following rate adjustments:

Product:	Old Rate:	New Rate:	Net Change:
Local Broadcast Station Surcharge ¹	\$8.98	\$11.21	\$2.23
Regional Sports Surcharge	\$2.61	\$2.97	\$0.39
Family TV	\$74.95	\$78.49	\$3.54
HD DTA	\$2.99	\$3.99	\$1.00
SD DTA	\$1.99	\$3.99	\$2.00
DVR Service (non TiVo)	\$10.95	\$14.99	\$4.04
Standard Installation Fee	\$49.99, \$74.99 or \$99.99	\$99.99	Varies

The decision to make price adjustments is always a difficult one. We are very reluctant to raise video prices because, when we do, we lose subscribers. However, cable and satellite companies are constantly being pressured by the programmers we buy from to pay more for the channels we carry.

The fees we pay to retransmit local broadcast stations like ABC, CBS, FOX and NBC are by far our fastest growing programming cost component. All told, the fees charged by broadcasters, according to SNL Kagan, grew from \$800 million to \$9.3 billion annually or 1063% between 2009 and 2017.

The problems with sports programming is equally as alarming. One look at the skyrocketing rights fees announced with recent deals and it is easy to see that the marketplace for live

¹ Mediacom bills monthly in advance. As a result, the increases for both the Local Broadcast Surcharge and Regional Sports Surcharge are based on our best estimate of the cost increases our company will incur for broadcast and regional sports programming. Mediacom will "true up" customer bills in a subsequent month if it turns out that our estimate was too high or too low.

televised sports is out of control. Broadcast networks and national and regional sports networks are shelling out billions of dollars for the rights to the NFL, NBA, MLB, NHL, the Olympic Games, World Cup and NCAA football and basketball. Unrestrained spending has become the hallmark of the sports programming business, and the American consumer, whether a sports fan or not, is left to pay the price.

In an effort to bring more transparency to the unjustified fee increases being taken by the owners of broadcast and sports television channels, Mediacom previously introduced a Local Broadcast Surcharge and a Regional Sports Surcharge. By identifying the cumulative fee increases being taken by these channel owners, we hope to draw the attention of consumers and their elected representatives to this rapidly escalating problem.

Despite the challenges we face, Mediacom has continued to aggressively invest in the communities we serve. As part of a 3-year, \$1 billion capital investment plan announced in 2016, Mediacom has been aggressively installing the newest generation of broadband technology throughout its entire internet service territory. As a result, virtually all of the 3 million homes and businesses across our 22 state footprint now have access to 1 Gig broadband speeds.

In addition, Mediacom has broadly launched a low-cost high-speed internet service for low-income customers featuring 10 Mbps download speeds for \$9.95 per month. The service, called Connect2Compete, is offered in partnership with EveryoneOn and is available to families with students participating in the National School Lunch Program. Additional information is available at www.mediacomc2c.com.

Mediacom appreciates the opportunity to continue to serve your community's telecommunications needs. If you have any questions, please do not hesitate to contact me at (309) 743-4152 or by email at khotle@mediacomcc.com.

Sincerely,

Kate Hotle

Kate Hotle
Manager, Government Relations