



ENTERTAINMENT REDEFINED

## FAQs - Sports Surcharge

### What is the Sports Surcharge?

Programming costs comprise the largest cost in our business. These fees are growing at four times the rate of inflation - faster than RCN and other distributors can absorb. The Sports Surcharge reflects a portion of the rapidly escalating charges levied by the owners of sports related stations and networks. This monthly fee helps RCN cover only a portion of the rapidly rising cost of delivering collegiate and professional sports programming to our customers. The fee is assessed only to customers who have subscribed to programming packages that include sports programming.

### Is this a government tax or fee?

This surcharge is not imposed by the government. This is separate from cable television franchise fees and taxes incurred by local, state, and federal governments. It is a measure taken by RCN to recover a portion of the dramatically increasing costs of delivering collegiate and professional sports programming to our customers.

### I don't watch sports. Why must I pay this Sports Surcharge?

Sporting events are not limited to sports networks such as ESPN, MLB Network, NHL Network or other sports-centric channels. The rates we pay for non-sports networks are also affected by sports programming. General entertainment channels such as TBS, TNT and USA, carry live sports in addition to non-sports entertainment programming. In total, more than 30 channels on your lineup carry live sports – and their rates are all affected by the increasing cost of sports programming.

### Why and how is this cost new and different from what I have been paying for in the past?

The fees now demanded for sports programming have escalated rapidly. RCN can no longer absorb these costs at the rate they are increasing, so we must introduce this additional surcharge to help recover a portion of these rapidly increasing costs. This surcharge applies to customers who subscribe to packages containing sports networks.

### Are other television providers charging a Sports Surcharge?

Yes, RCN's position is not unique. In fact, many other cable and satellite providers have already introduced similar sports surcharges to their customers since the beginning of 2013.

### How much have you invested in RCN?

In 2013 we invested over \$75 million into our products, network and customer service. We expect to invest just as much in 2014.

### How is the price for cable TV determined? Why do I pay for channels I don't watch?

The price that a consumer pays each month for a video package is driven largely by the fees that cable companies like RCN must pay to carry the networks to the companies that create or package the programming—the TV channels and networks.





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That's right—cable companies pay a fee for every household who receives that channel, regardless of whether anyone in that household even watches the channel.

Those content creators and TV networks can set certain rules or guidelines for how their shows and channels can be sold to customers, including what networks must be sold together, where the channels are positioned and which cable packages can contain their channels. This often means carrying less popular and less viewed networks on the more popular cable packages. Both this and escalating fees, drive up your costs.

## The Flow of Programming Content to You



[http://www.nytimes.com/2011/12/16/business/media/for-pay-tv-clients-a-steady-diet-of-sports.html?pagewanted=all&\\_r=2&](http://www.nytimes.com/2011/12/16/business/media/for-pay-tv-clients-a-steady-diet-of-sports.html?pagewanted=all&_r=2&)