



## **FAQs - Broadcast TV Surcharge, Taxes and Fees**

### **What is the Broadcast TV Surcharge?**

Programming costs and retransmission fees from local broadcasters comprise the largest cost in our business. These fees are growing at four times the rate of inflation - faster than TVC and other distributors can absorb. The Broadcast TV Surcharge reflects a portion of the rapidly escalating charges levied by the owners of broadcast TV stations such as NBC, ABC, CBS, Fox and others.

### **Is this cost new and different from what I have been paying for in the past?**

These broadcast signals were historically made available to TVC at low cost to no cost. Recent increases in fees imposed by broadcast stations has necessitated that we introduce an additional surcharge to customers to help cover a portion of these rapidly increasing costs.

### **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 TVC to recover a portion of the dramatically increasing costs for local broadcast TV programming.

### **Are other cable companies charging these same fees, or just TVC?**

The majority of cable companies are now passing along whole or partial surcharges to their cable customers to cover the retransmission costs from local broadcast TV stations. And those who are not will probably begin doing so in the future as retransmission consent rates continue to rise.

### **Are all local broadcast or network-affiliated TV stations charging TVC?**

At this time, the majority of all local TV stations require significant payment from any cable service provider to retransmit their programming and it is a portion of their charges that are reflected in the Broadcast TV Surcharge.

**What was I paying for previously?**

The monthly rate for TVC's Essentials or basic cable is based on the cost of operating and maintaining the cable TV system so that our signals can reach subscribers' homes. The cost also included some fees for certain individual channels. In recent years, a number of broadcasters have become very aggressive pressing for increasingly larger payments for carriage of their network when historically most channels were available at low cost to no cost to consumers and the cable operator. The rapid increase in fees imposed by broadcast stations has necessitated that we introduce an additional surcharge to customers to help cover a portion of these rapidly increasing costs.

**Are all local broadcast or network-affiliated TV stations charging TVC?**

Yes. The Broadcast TV Surcharge reflects a portion of those carriage fees.

**Can you tell me what one TV station costs?**

Our contracts prohibit us from providing information by individual TV station.

**Why can broadcast TV stations charge for carriage of their signals?**

Broadcast TV stations distribute their signals over the air, using free spectrum granted to them by the federal government. In effect, taxpayers are subsidizing the distribution of broadcast, or "network-affiliated," TV signals. These same broadcast TV stations are then allowed by the government to charge cable and satellite companies for their signals — and if we (the cable operator) don't agree to pay, broadcasters can force us to drop their channels, thereby adversely impacting our customers. We are in favor of changes to the law that created this situation.

**What is the Regional Sport Network Surcharge?**

Very similar to the Broadcast Fee Surcharge, it is the programming costs and retransmission fees from the local Regional Sports Networks carried on the cable systems (NESN, SNY, etc.) Sports programming is a major contributor to the overall expense of providing video service. The cost to provide the athletes salaries and 24 hour a day coverage of Basketball, Baseball and other sports are significant and the Networks pass these costs along to the cable operator. TVC has elected to not to hide these increasing fees from broadcaster as part of service tier prices, but outline these charges on our bills to keep customers aware of the true costs of providing these networks.

**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 TVC must pay to carry the networks to the companies that create or package the programming— the TV channels and networks. 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.

## What is the history behind broadcast fee and RSN Surcharges?

Over the past 65 years, Cable TV has gone through a series of transitions, technologically and legally:

1948	Cable television first became available in the US in 1948, with subscription services to relay over-the-air commercial broadcasting television channels.
1948 -1972	Cable Television extends the geographic reach of over-the-air television stations and provides for consistently good quality reception not available with a rooftop antenna or rabbit ears.
1972	The FCC implements the "Must Carry Rule". The Must-Carry rule mandates that cable companies carry the signals of all local broadcasters within a 60-mile area.
1992	The FCC passes the Retransmission Act of 1992, gave stations a choice of requiring cable companies to carry them under the must-carry rules or negotiating with cable companies for compensation if they want to carry their broadcast signals
1992 - 2005	Cable operators generally resisted broadcaster demands for cash compensation on the grounds that the programming was available "off-air" for free.
2005 - 2010	Broadcasters increase demands for cash compensation for programming carriage. Cable companies and other operators begin to agree to cash payments. Occasionally, broadcasters remove a channel from cable operators when fees are in dispute.
2011 - present	Broadcasters (and Regional Sports Networks) ask for gigantic fee increases from distributors – as much as 300%! Broadcasters and operators engage in several public disputes resulting in customer blackouts.

**What is a Franchise Related Cost?**

It is the fee associated with providing public, educational and/or government access facilities, equipment And/or other related costs in the community. Franchise Related costs are applicable on all levels of Television service. This cost can go up every year based on regulations from the DPUC, typically accessed in June of every year.

**What is the Gross Receipts tax?**

Utility charges that is accessed by the state and itemized on the bill; applies only to television services.

**What is the E911 Fee?**

TVC Voice utilizes E911 to help 911 service operators to automatically locate the source of the 911 Call. Enhanced 911 or E911 services enable VOIP phones used to dial 911 to automatically transmit Caller's geographic position to emergency responders.

**What is USF?**

USF is the Universal Service Fund, this fund helps provide affordable phone service and gives schools, Libraries and rural healthcare provider's access to the internet. The Federal Communications Commission (FCC) sets this percentage on a quarterly basis. TVC is recovering the costs for the required Payments into this fund through a separate charge on each customers' bill which equals the Percentage set by the FCC.