

Programmer Tying/Problem Examples

KGW (Portland Channel 8-Local NBC affiliate) retransmission negotiations- they required Canby Telephone Association, dba Canby Telcom ("Canby") to take NBC Weather Plus (along with Northwest Cable News which Canby Telcom already carried). Canby did not need nor did Canby want another weather channel.

NFL Network required that if Canby took their programming package, we had to put it on our basic tier and not on a different tier, such as a sports tier. Canby could not afford the cost of paying for all of our subscribers and asked to be allowed to put it on a tier for which we could charge for those that wanted the NFL Network, in order to cover the additional cost. NFL Network refused to negotiate or return Canby's calls.

Comcast SportsNet- has acquired the rights to broadcast the majority of the NBA Portland Trailblazer games. As with the NFL Network, Comcast also required that Canby put their channel on our basic tier (excluding lifeline) and would not negotiate to allow us to put their programming on a sports tier, where we could charge those who wanted to view the NBA games. They would not negotiate with Canby. In both the NFL and Comcast SportsNet situations Canby wanted to add these channels, but Canby could not afford to pay for this programming as an additional expense within the basic tier, nor could Canby justify increasing rates to all customers to cover the added cost, whether the customer wanted the sports programming or not. We had hoped to provide choice to our customers. In the case of Comcast, they are the cable provider for large portions of the Portland metropolitan area and advertise extensively in the newspaper for the Comcast SportsNet channel, which puts increased pressure on us to carry this channel.

Fox Sports Northwest – To receive their HD channel we had to pick up the additional game package

NBC Universal ("NBCU") – When requesting Bravo HD, CNBC HD, USA Network HD and Sci-Fi HD NBCU placed the requirement to add their new cable channel Chiller SD to our lineup. And, while we would have preferred to not add an additional channel, we agreed to do so. Several weeks later, however, NBCU came back with another requirement. We currently have our carriage contracts with NCTC, for SD. Those contracts with NCTC will expire at the end of 2008. NBCU told Canby there was now a moratorium to sign direct carriage deals to avoid "scrambling" to sign deals at the end of 2008 should they not come to an agreement with NCTC. The direct carriage agreement rates were heavily inflated and some channels required a 100% carriage requirement. Since Canby Telcom is a member of NCTC it is in our best interest to support NCTC's negotiations with NBCU and therefore we declined their moratorium on direct carriage agreements and will not be able to offer our members the majority of NBCU's HD channels. Here again, a programmer, in our opinion, is leveraging their programming position to improperly tie other of their products and limit customer choice, and increase customer costs.

Discovery – To receive their OnDemand content we have to add FIT to our lineup

Disney/ESPN – Requesting Canby pick up ABC NewsNow and their broadband product to receive their HD lineup (of which ABC NewsNow is not part of) at no charge. This results in Canby Telcom being required to pay a fee for all of our broadband customers, which is a significantly larger number of customers. It appears Disney/ESPN is utilizing their programmer position to leverage into their broadband/internet products. Negotiations finalized with the requirement to pick up ABC NewsNow on our most penetrated tier and a "pay for" model for their HD content.

Fisher Broadcasting (currently ABC and Univision in the Canby/Portland DMA) under "new" retransmission agreement requiring Canby to take any station they broadcast in our area at a per month/per subscriber/per channel fee. In our opinion the rate per channel is excessive

Other Oregon Company examples/issues:

Fox Sports NW has always been a problem. In ColtonTel's ("Colton") opinion, their pricing is too high for the product. At one time Fox had a package of additional Blazer games that customers could subscribe to like PPV, over and above the contract fees for their programming. And that was acceptable. Apparently they couldn't get enough customers so they started offering the additional package, no longer on a PPV basis, but as an add-on, spread through out your entire FSNW customer base. Colton declined. They then upped the price of FSNW when contract renewal time rolled around (a 75% increase in price) and waved the Blazer banner in Colton's face. When Colton finally succumbed and signed the contract, shortly thereafter FSNW lost the Blazers to another network. Colton received no reduction in price. Fox continue to split the sporting events, like the Mariner games into packages for additional per sub fees over & above the contract fees.

When Colton's must carry agreement with KGW expired, they would not agree to a new contract without carriage of their Weather Channel Plus and "any other network" they might have in the future.

KGW/NWCN Belo: Retransmission Consent

Required money for off air programming.

Required Scio Cable to launch Weather Plus in order to carry KGW.

Outside of Oregon:

A Wisconsin telephone company that provides TV services reports the following: Fox owns 50% of the Big Ten Network, and the Ben Ten colleges own the other half. In order for the Wisconsin company to carry the Big Ten, at \$1.00 per month per subscriber, Fox requires that they carry Fox Sport Network, at \$3.00 per month per sub. And, Of course both are required to be placed on the expanded basic package, rather than a sports tier as the company would prefer. Research of this Wisconsin company indicates that 83% of their customers do not want to pay extra for this programming and only 17% were willing to pay extra. So, the company can not justify obtaining the programming unless they can put it on a tier for which the 17% were willing to pay. And as a result, the company does not have either on their systems

The thing that really negatively impacts customers and the company is that many of the Big Ten games were carried on Fox Sports before the Big Ten Network was created last year. Now there are none, they were all moved to the Big Ten, and of course the price for Fox Sports did not go down.