

The Red, Blue & Green



Okay, so we're not *Dancing With the Stars*, but we still need your vote!

We dedicate a lot of ink in this newsletter to the unique aspects of living in Glasgow and the products and services that are available here in our home town. This month is no exception to that trend as we are going to offer you a very rare opportunity to make a big decision on some of the programming we carry on our cable system. Prepare to exercise your rights as the owner of your cable television system!



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That's right. You are an owner of an electric power network and a broadband network that delivers cable television, internet access, local area networking, and telephone service. As an owner of these networks, you are a member of a very small club in these United States. Fewer than three in ten homes in the U.S. get their power from a publicly-owned (municipal or cooperative) power system. Fewer than one in one thousand homes get their cable television from a publicly owned system, and fewer than one in ten thousand homes can get their internet and telephone service also delivered by a company that they own! So, you are a very rare individual and here comes your opportunity to exercise your ownership right.

Each month our Programming Committee (presently consisting of: Richard Cleveland, Donna Dotson, Tim Stutler, Eddie Atnip, Cheryl Berry, Cheyanne Fant, and me) meets to consider which programming we should add or delete from our lineup, but this month we are pondering a topic that they feel everyone should weigh in on. This hot topic relates to two services: Fox Sports Net South (FSNS) and Disney Channel. They are both very popular with certain segments of our customer/owners and they are both very expensive.

First, let's talk about FSNS. The reason this service is a hot topic is that they have purchased exclusive

rights to about five University of Kentucky Men's Basketball games per year for the next eight years. Since UK just signed on a new men's basketball coach, this matter is, again, of great interest to our many UK fans. But here is the sticky part. FSNS paid UK a lot of money for those games and they want to make a lot of money by charging a lot for their network. This brings up a whole mess of questions about why *our* University of Kentucky sports are for sale to the highest bidder and why we must pay taxes to support programs that are then sold to companies like FSNS and Lincoln Financial Sports, but that is not what we are debating today (although I am ready and willing to debate this matter at any time!). The most elegant solution would be for us to add FSNS as a premium channel so that loyal fans could pay for those games, but, alas, the folks at FSNS are far too greedy to allow that excellent solution. Rather, they offer us this take-it-or-leave-it option. We must place FSNS on our classic basic tier so that 90% of our subscribers see it; we must sign a multi-year contract; and, we must pay them about \$100,000 per year. So, if we add FSNS it will cause an automatic \$1.00 per month rate increase and it will contribute greatly to subsequent rate increases each year thereafter.

Now, let's talk about *The Disney Channel*. The Walt Disney Company www.disney.com owns a lot of stuff, probably more than you dreamed. Besides the world famous theme parks in California, Florida and now in Europe, they own tons of magazines, television stations, radio stations, and cable television services. They own *ESPN*. They own *ABC Television*. They own major parts of *A&E Networks*, *The History Channel*, *Lifetime*, and *E! Entertainment*. In other words, they are a very big dog, and big dogs like to eat . . . a lot. In order to satiate their hunger for our dollars, they use all of their networks, and theme parks, and such, to promote their other services.

They program us to need those other services by constantly hammering us with the message to "buy more Disney stuff." In our case, we have already been feeding them dollars for all of their products but one . . . The Disney Channel. Several years ago we offered that one as well, as a premium channel. However, they were unhappy with the number of folks who would pay for it as a premium channel so they made a corporate decision to tell us we had to put it on basic for everyone. Oh, and they also told us we would have to pay \$1 per basic subscriber per month for the privilege of making that move. We pondered this demand and decided to take a stand. We told them "*M - I - C . . . see ya, K - E - Y . . . why? Because someone has to say NO sometimes.*"

While we thought this was a catchy response, not all of our owners feel as strongly as we do about taking a stand against unmitigated greed. Many just want *The Disney Channel* programming for their children, and, there is no argument from us that they offer excellent, clean, intelligent programming for our young folks. They too offer us a take-it-or-leave-it option which is very similar to the offer from FSNS. We can launch *The Disney Channel*, but only if we put it on our classic basic tier, pay them about \$100,000 per year, and sign a multi-year agreement. Like FSNS, if you decide to have us add *The Disney Channel*, it would require an additional \$1 per month increase to all of our 7,500 cable customers.

Now, let me also mention that cable rate increases are coming no matter if we add these channels or not. The other seventy+ programming services we have on our basic tier also raise their rates every year and those increases force us to raise rates. In July we will be looking at a regular increase of about \$2.00 per month for our basic service. If our customers vote to add either, or both, of the services discussed above, that will become \$3.00 or \$4.00 if we add both of these services. That is just the simple mathematics of this transaction and this business. When programmers increase what we must pay them, we have to pass that along to you. Before you even say it, we realize there are already many, many programming services on your basic package that you care nothing about and would like to see us drop. However, none of those cost anything similar to what these services cost and, for the most part, all of those

services are already contracted for many years in advance. What we really need is for our Congress to force cable programmers to offer us *a la carte* pricing on all cable programming so that we can allow each of you to select and pay for only the programming that interests you. But that is another subject we could debate at length, and, as we all know, money talks in Washington and the cable programmers are spending large in an attempt to kill the idea of *a la carte*. This is a familiar tune, no?

Okay, so here we go. We want you to tell us what to do. You can respond to this poll by marking your decision on this paper form and returning it with your bill. You can also vote by going to our on-line polling place at www.glasgow-ky.com/voting/ You can also just call us and let one of our folks know how you think we should go on this matter. At the end of the month we will total all of the votes and let you know the results. Remember, you own this network. This is your chance to act like an owner and tell us what to do!

Billy Ray
659-3507 direct dial phone
e-mail wray@glasgow-ky.com
And, I'm on SightSpeed at
<http://billy-ray.sightspeed.com...>

Feel free to use any of these means to contact me with any questions or comments!

**PLEASE CAST YOUR VOTE BY MARKING YOUR CHOICE BELOW
AND RETURNING WITH YOUR PAYMENT**

- A \$2 rate increase is enough! Don't add either of these new services.**
- I want FSNS and think you should raise rates by \$3 to cover the cost of this new service.**
- I want Disney Channel and think you should raise rates by \$3 to cover the cost of this new service.**
- I want FSNS and Disney Channel and think you should raise rates by \$4 to cover the cost of adding both new services.**