



Services

All around communications. ISSUE 7 VOLUME 3 DECEMBER, 2014
A MONTHLY NEWSLETTER

WT Services will continue to carry local TV channels but must pass the climbing cost along to viewers

Nearly every year, video or cable TV providers like WT Services experience significant rate increases from the programmers that make their sporting or specialty channels available for viewing. These programmers often require a video or cable TV provider to carry numerous "companion" channels in order to receive the one or two channels that cable TV customers most desire.

Additionally, at regular intervals, the Federal government requires video and cable TV providers to renegotiate their agreements with local broadcast stations (such as KVII, KAMR, KFDA and KCIT

in Amarillo.). The contracts are known as Retransmission Consent Agreements. These contracts permit video and cable TV providers to retransmit the "off-air" signal that the local broadcast stations make available to viewers, so that it may be viewed by customers using video or cable services without an additional antenna.

For the last several months, WT Services has been negotiating both major programming channel contracts and new retransmission agreements with local broadcast stations. Despite the fact that the local broadcast stations make their signal available free "off air," they have elected to charge video and cable TV providers, on a per customer basis, to make the very same signal available to their viewers. This is in addition to the programming fees that must be paid for all common "cable" channels such

as ESPN, Disney, Lifetime, FOX Sports, The Outdoor Channel, Speed, etc.)

Programming fees for the local channels carried on the WT Services system range from \$2 to \$2.25 per channel, per subscriber household, per month. The expense for the local channel content, in addition to other programming content, has left WT Services with two possible courses of action. The first option was to eliminate the local broadcast channels or oth-

er channels from the WT line-up. This option would mean that WT Services viewers would not have access to local ABC, CBS, NBC or PBS channels. The second option was to continue to carry the local broadcast channels and the programming many viewers are passionate about, and pass the cost along to viewers.

To ensure that WT Services viewers have con-

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WTS downtown Hereford office will now be open on Saturday

For the added convenience of our customers WT Services is announcing the extension its office hours in downtown Hereford to include Saturday mornings from 9 a.m. to noon, beginning December 6.

We recognize the fact that 8-5 Monday through Friday doesn't work for everyone, thus the extended hours on Saturday.

Customers will now be able to call or come by on Saturdays to make bill payments, and talk to us about our state-of-the-art broadband Internet, Cable TV, and telephone services and to sign up for services, and conduct other business on Saturdays. The drive-up payment window will also be open.

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Hereford: A Smart Community—with Fiber to the Premise—by WT Services.

Climbing local channel costs passed on.... from Page 1

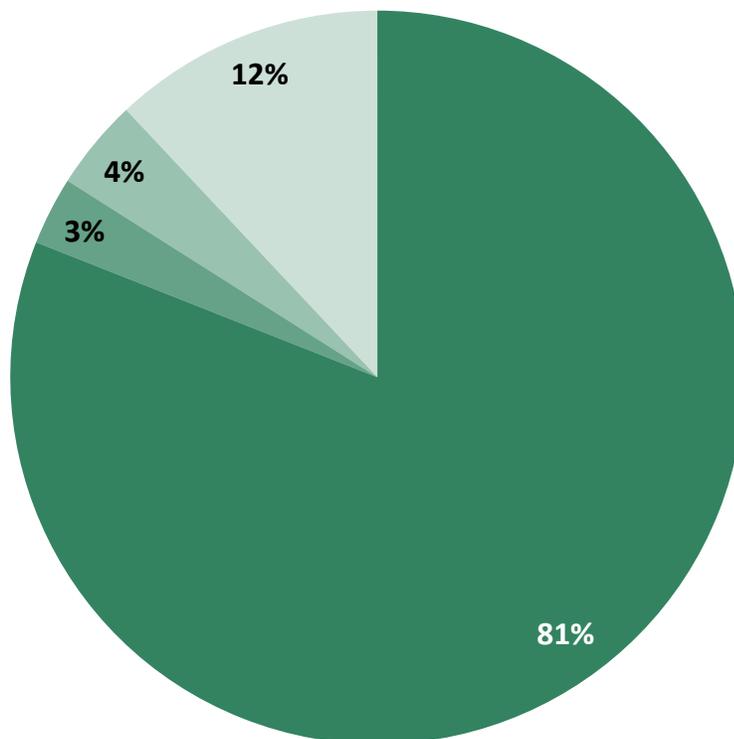
access to the programming offered by the local broadcast channels and to ensure that all other “must be carried” channels are available, it will be necessary to implement a service rate increase early in 2015. This rate increase will apply to all WT Services video packages, as all packages include the local broadcast channels.

WT Services takes its responsibility to provide quality programming at the lowest possible rates very seriously. Every effort was made to negotiate the most favorable terms with the local broadcast stations and other major programmers.

Programming costs from local broadcast channels and others such as ESPN, FOX Sports and Disney-remain the single largest expense faced in the provision of your video service. We appreciate your video business and will continue to explore options, as they become available, to minimize the rate increase impact on our customers.

If you have any questions in regard to your video entertainment services, please call our office at 360-9000.

Breakdown of Where Every Dollar Goes Paid to WT Services for Video/TV Services



- 81% Programming Fees
- 4% Overhead Costs
- 3% Maintenance Costs
- 12% Retained Revenue

The Lion’s Share--81 percent of every dollar that WT Services customers pay for video services--goes to fees paid to programmers. These stunning cost and rate hikes to these programmers are virtually an annual thing. The high cost of programming now even includes payments to local broadcast stations. Payments to some of these have gone up an astonishing 200 percent. Of the remaining 19 percent, three percent goes to maintenance costs of video equipment, four percent to overhead expenses and the remaining 12 percent is retained by WT Services for additional expenses and retained revenue. WT Services strives to provide quality cable TV programming at the lowest possible rates and makes every effort to negotiate favorable terms with local broadcast stations and major programmers.