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CLIENT UPDATE **October 19, 2007**

VoIP Regulatory Fee Requirement Effective on November 15, 2007

The FCC's requirement that interconnected VoIP providers pay regulatory fees will become effective on November 15th. Payments on FY 2007 VoIP revenues will be \$0.00266 for each dollar of interstate and international telecommunications revenues that a provider reports on its Form 499-A.

Because this is a new requirement, the FCC anticipates that the filing fee window for interconnected VoIP providers will not occur until 2008. For FY 2008, however, VoIP providers will be paying on the same schedule as all other payors. If you have any questions about VoIP requirements, please call Nicole Paolini-Subramanya at 312-372-3930.

FCC Extends Program Access Rules and Releases a Further Notice of Proposed Rulemaking on Tying Arrangements

The Commission recently released an Order extending for another five years the exclusive contract ban under the program access regulations. The ban prohibits exclusive programming contracts involving cable-affiliated satellite delivered programming. The Commission found that major MSOs, namely Comcast, Time Warner, Cox and Cablevision, still control important channels, and have an incentive to withhold those channels from competitors, which would harm competition in the distribution of video programming.

In the same order, the Commission released a Further Notice of Proposed Rulemaking (FNPRM), initiating a proceeding to investigate, and possibly regulate wholesale programming practices. The FNPRM focuses on tying arrangements where programmers require carriage of undesired channels as a condition of access to desired channels. Referencing filings by the American Cable Association and others, the FNPRM seeks comments on several specific questions on retransmission consent and program access, including whether the Commission should adopt regulations to restrict the ability of a programmer to require carriage of other channels in programming and retransmission consent transactions.

The proceeding provides a critical opportunity for smaller cable companies to show the FCC how powerful programmers and broadcasters restrict choice and raise costs through tying and bundling arrangements.

If you have any questions about this important proceeding, or are interested in filing comments, please call Emily Denney or Nicole Paolini-Subramanya at 312-372-3930.

FCC Fines Comcast for Failing to Make Sponsorship Identification Announcements

The FCC recently fined Comcast \$16,000 for failing to make proper sponsorship identification announcements. Commission regulations obligate cable operators engaged in origination cablecasting

to make sponsorship identification announcements when presenting any matter in return for money, service, or other valuable consideration. The FCC found four violations by Comcast, and fined the company \$4,000 for each offense.

FCC regulations require that an announcement (i) state that the origination cablecasting matter was sponsored, paid for or furnished and (ii) disclose the true identity of the person, committee, corporations, association, or other group by whom or on whose behalf such payment is made or promised. In addition, any cable originated programming involving the discussion of public controversial issues must contain an announcement at the beginning and conclusion of the cablecast.

The obligation to make sponsorship identification announcements is just one of many notice obligations under FCC regulations. These regulations include mandatory notices to subscribers, broadcast stations, local franchise authorities, and the FCC in a variety of contexts.

For more information about sponsorship identification announcements and other cable operator notice requirements, please call Emily Denney or Nicole Paolini-Subramanya at 312-372-3930.

Please visit our website at www.cinnamonmueller.com to learn more about our lawyers and practice. You can reach Cinnamon Mueller at 312-372-3930. *This update is provided by the law firm of Cinnamon Mueller. The document is intended for informational purposes only as a service to clients of Cinnamon Mueller and to the members of the American Cable Association. It is not intended to provide specific legal advice or to substitute obtaining appropriate legal counsel. We encourage you to consult with counsel to address special compliance issues and for assistance in negotiating or handling any such matter referred to in the update.*