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**CLIENT UPDATE**  
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We summarize below information that should be of interest to our clients in the cable television industry.

**Notice Requirements under the FCC's Rules**

We are assisting many clients with compliance obligations related to notice requirements under the FCC's rules and regulations. FCC regulations require that cable operators provide certain notices to subscribers, broadcast stations, local franchise authorities, and the FCC.

Sending notices are a key part of your cable business. They keep your customers informed of their rights and your rules. Further, sending out proper notices will help your company maintain compliance with the Commission's rules and regulations. Examples of notice requirements under the FCC's regulations include:

- Upon a change in principal headend designation, cable operators must provide notice to all broadcast stations carried on the system. This notice must be given 60 days prior to the change, via certified mail.
- Upon a change in rates or cable programming service, cable operators must provide 30 days prior notice to the local franchise authority and subscribers.
- At the time of installation and annually, cable operators must notify subscribers of the channel lineup, products and services offered, and prices and options for programming services.

These are only a few examples of the diverse notice requirements that exist. Below we describe in detail an important notice of which many cable operators are unaware. For more information about cable operators' notice requirements, please call Emily Denney or Nicole Paolini-Subramanya at 312-372-3930.

**Cable Operators Must Provide Information  
on Equipment Compatibility to Subscribers**

One subject that is sometimes overlooked in subscriber notices is equipment compatibility. The FCC's rules require that operators provide their subscribers with a "consumer education program" on equipment compatibility (i) at the time they first subscribe; and (ii) once a year thereafter. We summarize below some of the information that cable operators must provide on equipment compatibility:

- An explanation that some models of TVs and VCRs may not be able to receive all of the channels offered by the cable system when connected directly to the cable system.
- A brief summary of the types of channel compatibility problems that can occur if the subscriber connects equipment directly to the cable system.
- Suggestions for resolving those problems (for example, use of a set-top box).
- An explanation that channel compatibility problems with non-scrambled or non-encrypted programming may be resolved through use of simple converter boxes that can be obtained from either the operator or a retail vendor.
- An explanation that if the subscriber receives service through a set-top box, the subscriber may not be able to use certain functions on his or her TV or VCR, including: viewing a program on one channel while simultaneously recording a program on another channel, recording consecutive programs from different channels, or advanced picture features such as "picture-in-picture," channel review, or other functions that require channel selection by the TV or VCR.

- If the operator offers remote control capability, a representative list of the remote control units that are compatible with the operator's equipment. The list must be no more than six months old when distributed.

If you have any questions about subscriber notices, please call Nicole Paolini-Subramanya or Emily Denney at 312-372-3930.

### **FCC's Ban on the Deployment of New Integrated Set-Top Boxes**

Many of our clients are using low-cost set-top boxes, like the DCT-700, to deliver affordable digital services to their subscribers, and are concerned about the FCC's "integration ban" on these boxes. We summarize the details of the ban below.

**Which set-top boxes are affected by the ban?** The ban applies to set-top converter boxes that bundle both security functions (such as descrambling) and non-security functions (such as channel selection) in a single device. These boxes are commonly known as "integrated" set-top boxes.

**When does the ban begin?** The ban on sale or lease of new integrated set-top boxes goes into effect on July 1, 2007.

**Are there exceptions to the ban?** There are a few exceptions to the FCC's ban on new integrated boxes:

**Boxes deployed before July 1, 2007.** The ban applies only to "new" boxes. This means that cable operators can continue to use or deploy integrated boxes which were (i) deployed before July 1, 2007 or (ii) deployed and returned to inventory before July 1, 2007. The rationale for this exception is that the FCC does not want to render obsolete equipment that still has a useful life. But what about unused boxes sitting in inventory on the date of the ban? This is a gray area, but FCC staff indicates that these boxes should not be deployed on or after July 1, 2007. In other words, if your company stocks up on boxes that it will not be able to deploy before the ban, it does so at its own risk.

**Boxes available at retail nationwide.** After July 1, 2007, cable operators may offer new integrated set-top boxes only if the set-top box: (i) operates throughout the continental U.S.; and (ii) is available from unaffiliated retail outlets or other vendors. To date, the consumer electronic industry has not made such boxes available at retail.

**Certain analog boxes.** The ban on the deployment of integrated set-top boxes does not apply to analog set-top boxes that: (i) use security mechanisms only to access analog video programming; (ii) are capable of providing access only to analog video programming; and (iii) do not provide access to any digital transmission of video programming or any other digital services, including any conversion of digital programming to an analog format.

**What about applying for a waiver?** The FCC's rules provide a procedure for MVPDs and equipment manufacturers to seek a waiver of the ban for an integrated set-top box. Waiver requests are box-specific. In other words, if one company receives a waiver for a box, that waiver applies to all providers using that box. Several waiver requests are currently pending before the FCC for integrated boxes such as the DCT-700, DCT-2500e, SA E1840, SA E940, SA E3200, Pace Chicago, and Pace Indiana. We will let you know if the FCC grants waivers for any of these boxes.

### **No Network Non-Duplication Rights for LPTV Stations**

In a recent order, the FCC confirmed that low power television (LPTV) stations do not have network non-duplication rights under the Communications Act or the FCC's rules.

In *Storefront Television v. Last Mile Communications LLC, et al.*, Storefront Television, licensee of low power television stations WPRU-LP and WSJP-LP in Aguadilla, Puerto Rico, filed a complaint claiming that

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Last Mile and Liberty Cablevision had refused to afford the stations non-duplication protection. The FCC denied Storefront Television's complaint:

"Storefront Television argues that 'low power television stations have come a long way,' in the seventeen years since the Commission considered extending network non-duplication protection to low power television stations. That argument does not overcome the fact that the Act and the Commission's rules do not provide low power television stations the authority to exercise network non-duplication rights."

Cinnamon Mueller represented Liberty Cablevision in this matter.

If your company has any questions about a request for network nonduplication or syndicated exclusivity, please call Nicole Paolini-Subramanya or Emily Denney at 312-372-3930.

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Please visit our website at [www.cinnamonmueller.com](http://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 Client Update.*