

**CINNAMON MUELLER**  
*A Professional Limited Liability Company*  
307 North Michigan Avenue, Suite 1020  
Chicago, Illinois 60601  
Telephone: 312-372-3930  
Facsimile: 312-372-3939

## **CLIENT UPDATE**

### **March 7, 2005**

---

#### **PLANNING FOR OCTOBER 1, 2005**

The next round of retransmission consent negotiations is just a few months away. It will be the most difficult yet for small cable companies. The DTV transition, more media consolidation, cash for carriage demands, DBS competition, and a process skewed in favor of powerful network broadcasters will all combine to make for tough negotiations. Now is the time to start planning. We would like to offer some tips for how to prepare now for negotiations.

**How do I begin?** Preparation will help you avoid surprises come October. By doing some “homework” now, you can anticipate what you will face from different broadcasters. Also, several issues will come up in most negotiations. You should develop your company policy on these issues now. We suggest six steps.

**Step 1 - Study your markets.** Who owns the network stations? What are they demanding now? For example, if you deal with Nexstar or Sinclair, you can already anticipate what they will ask for retransmission consent. If Fox owns stations in your markets, those negotiations will be different because of the small cable company conditions that ACA obtained in the News Corp/DirecTV merger. With some study, you can map this out beforehand, and identify problem negotiations.

**Step 2 – Study adjacent markets.** You may be able to carry out-of-market stations if the “price” for the in-market station is too high.

**Step 3 – Gather information.** Talk to other cable operators and see what information they can share. This can help identify what is going on in the market.

**Step 4 – Determine your company’s position on key issues.** Several issues will come up in negotiations this round. Different companies have different policies on certain issues. You can begin now to determine what your company can live with, and what it can’t.

Key issues will include:

- Cash for carriage
- Other consideration
- DTV carriage obligations
- DTV multicast carriage
- Dropping a station if the “price” is too high

**Step 5 – Know the rules.** Retransmission consent is a highly regulated transaction. FCC rules govern how a broadcaster elects retransmission consent, and how a broadcaster must negotiate. A special set of rules governs retransmission consent for stations owned by Fox. You need to be familiar with these rules and your rights under them, or at least have someone on your team that is.

**Step 6 – Support ACA.** ACA has been at the forefront of the effort to educate policymakers on how media conglomerates use retransmission consent to increase costs and decrease choice for you and

your customers. ACA will be very active on these issues in the coming months and will need your support. Please keep in touch with ACA and respond when it requests your help.

While the next retransmission consent round will be difficult, there is plenty you can do to help your company negotiate more reasonable agreements. We hope the six steps outlined above help get you started.

If you need assistance with the retransmission consent process, please call Chris Cinnamon or Emily Denney at 312-372-3930.

### **DID YOU REMEMBER THE FOLLOWING DEADLINES?**

**Form 477 was due March 1, 2005.** The FCC's Local Competition and Broadband Reporting Form 477 was due March 1. The form collects information on the deployment of broadband, local telephone and mobile telephony services. Data from the form will be used to describe the current state of competition. Facilities-based providers that provide at least 250 one-way or two-way broadband connections to end users in a given state (or have at least 250 subscribers to broadband service in a given state) must file a Form 477 for that state. Access the form and instructions at [www.fcc.gov/formpage.html](http://www.fcc.gov/formpage.html).

**Cable Copyright filings were due March 1, 2005.** Depending on your company's semiannual gross receipts, your company should have filed one of the following forms on March 1:

SA1-2 Short Form - For use by cable television systems whose semiannual gross receipts are less than \$379,600.

SA3 Long Form - For use by cable television systems whose semiannual gross receipts are \$379,600 or more.

If you have not made your payment, go to [www.copyright.gov/licensing/royalty](http://www.copyright.gov/licensing/royalty).

### **MANDATORY ELECTRONIC FILING**

The following forms are now subject to mandatory electronic filing through the cable operations and licensing system (COALS):

- Form 320 – Basic Signal Leakage Report
- Form 322 – Cable Community Registration
- Form 324 – Operator, Mail Address, and Operational Information Changes
- Form 325 – Annual Report of Cable Television Systems

Access the Cable Operations and Licensing Systems (COALS) on the FCC's website at [gullfoss2.fcc.gov/csb/coals](http://gullfoss2.fcc.gov/csb/coals).

---

Please visit our website at [www.cm-chi.com](http://www.cm-chi.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.*