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CLIENT UPDATE
May 11, 2005

Small System EAS Update
Many waivers expire October 1, 2005

Many of our clients have EAS waivers that expire on October 1, 2005. Don't let your company's waivers expire without either installing EAS equipment or filing for an extension of the waiver. For those who still cannot install the required equipment due to financial hardship, we strongly encourage you to apply for an extension of your company's waiver, particularly in light of the fines for noncompliance.

As we reported to you in November, the FCC initiated a proceeding to examine its current Emergency Alert System regulations. This proceeding considers a range of EAS issues, including how to handle the expiration of current small system EAS waivers. On behalf of the American Cable Association, we filed comments in the proceeding. Our comments asked for specific small system relief. The FCC has not made any decision on this matter.

Our advice? Don't let your waiver expire while you wait for the FCC to act. FCC officials continually reiterate that they must enforce the EAS regulations. Operators that have not installed equipment or obtained an extension may face enforcement actions, which may result in fines of up to $9,000 per headend. For more information, please call Emily Denney at 312-372-3930.

Programming Agreements for HD Services

If your company has deployed or is considering deploying HD services, you have probably seen the lengthy programming agreements for the satellite-delivered HD services. Your company needs to review programming agreements very carefully. Many agreements contain tricky payment provisions and onerous channel positioning requirements that can cause problems for your company down the road. We are advising small cable operators on negotiating programming agreements. Please call Nicole Paolini or Emily Denney at 312-372-3930 if you need assistance with review of your agreements.

EEO Audits and Forms

Audits. Beginning in March, the FCC began auditing the EEO programs of randomly selected MVPDs. If you receive an audit letter from the FCC and have questions, please call Nicole Paolini at 312-372-3930. We are helping several clients complete audit forms.

Form 395-A. Several of your have called with questions about EEO Form 395-A. This form has not yet been released. We will keep you posted of developments.

Basic Signal Leakage Report – Are your filings up to date?

If your system uses aeronautical frequencies, at least once each calendar year you must conduct signal leakage measurements. File the form within 45 days of testing so that the most current CLI information is on record at the Commission. To file signal leakage measurements, use FCC Form 320, which is subject to mandatory electronic filing through the Cable Operations and Licensing System (COALS). To use COALS, access the FCC's website at gullfoss2.fcc.gov/csb/coals.

Update on the FCC's Set-Top Box Order

On March 17, the Commission released an Order affirming the ban on cable operator deployment of new integrated set-top boxes, but extended the effective date of the ban from July 1, 2006 to July 1, 2007. The Order also imposed tough reporting requirements on cable operators:

- By December 1, 2005, cable operators must provide a report to the Commission on the feasibility of the deployment and development of a downloadable security solution.
- By August 1, 2005 and every 90 days after, the six largest cable operators must file a status report on the CableCARD deployment and support.

The Commission will indicate in a future proceeding when the CableCARD status reports will terminate. Current FCC rules require that all cable operators have CableCARDs available for rent to their subscribers upon request for use with non-integrated devices.

Reminder: Cable Operators Must Make Emergency Information Accessible to Persons with Hearing or Vision Disabilities

The Commission again issued a public notice reminding cable operators of their obligation to make emergency information accessible to persons with hearing and vision disabilities.

- Emergency information given in the audio must be provided using visual methods, such as closed captioning, open captioning, crawls or scrolls that appear on the screen.
- Emergency information provided in the video portion of a regularly scheduled newscast or a newscast that interrupts regular programming must be made accessible by an oral description of emergency information in the main audio. If the information is provided in programming that is not a regularly scheduled newscast or a newscast that interrupts regular programming, the information must be accompanied by an aural tone.

The Consumer & Governmental Affairs Bureau will closely monitor complaints alleging violations of access to emergency information and will forward any complaints to the Enforcement Bureau.

Protect your company and your subscribers… Make the information available.

Please visit our website at 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.