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CLIENT UPDATE

July 6, 2004

We summarize below key developments of interest to our clients in the cable television industry.

SMALL SYSTEM EAS UPDATE **EAS WAIVERS DO NOT TRANSFER TO NEW OWNERS**

If your company has acquired a cable system for which the former owner was granted a temporary EAS waiver, be aware that the waiver did not transfer to your company.

EAS waivers are based on the applicant's financial hardship. The FCC has declined to extend EAS waivers to subsequent buyers of small systems on the grounds that the Commission has no basis for determining if compliance with the EAS requirements would impose a similar financial hardship on the buyer. The FCC is therefore requiring that buyers comply with the EAS requirements or submit a waiver request within 30 days from the date of purchase of a small system. For those who cannot install the required equipment within 30 days of purchase, we strongly encourage you to apply for a waiver, particularly in light of the fines for noncompliance. As a reminder, there are some important points to keep in mind when considering whether to file an EAS waiver request:

- **Waiver requests will be evaluated on a case-by-case basis.** The Enforcement Bureau evaluates each request on the merits based on financial hardship and other factors.
- **Waivers will be granted for limited periods of varying lengths.** The Enforcement Bureau will grant waivers for limited periods. The period of the waiver will vary based on the degree of financial hardship and other factors. The Bureau generally grants 36-month waivers to systems with fewer than 1,000 subscribers.
- **Failure to install equipment or obtain a waiver may result in fines.** Enforcement Bureau officials continually reiterate that they must enforce the EAS regulations. Operators that have not installed equipment or applied for a waiver have been fined. Fines can be up to \$9,000 per headend.

2004 REGULATORY FEES DUE NO LATER THAN AUGUST 19, 2004

When filing your regulatory fees this year, please remember the following important guidelines:

- Regulatory Fees are \$0.70/subscriber and CARS licenses are \$135.
- All regulatory fee payments must be received at the Commission's Pittsburgh, Pennsylvania address or via the FCC's website Fee Filer by 11:59 PM on August 19, 2004 to avoid being assessed a 25% penalty.
- All payments must include an FCC Registration Number (FRN).
- For more information, access the FCC's website at www.fcc.gov/fees/regfees.html.

On August 20, 2004, the Commission will begin an aggressive effort of contacting FY 2004 non-payers. Non-payers will be charged full payment, plus a 25% penalty of the amount of the required regulatory fee.

EEO UPDATE

The Commission recently announced that it will reinstitute FCC Form 395-A, the MVPD Annual Employment Report. Cable operators with six or more full-time employees will be required to file the Form 395-A by September 30 of each year. For this year only, the Commission is allowing a one-time grace period until further notice. However, regardless of this year's deadline, your response must detail information for pay periods from July, August, and September 2004. We will keep you posted on this deadline.

EMERGENCY INFORMATION ACCESSIBLE TO PERSONS WITH HEARING OR VISION DISABILITIES

The FCC issued a reminder to cable operators and other video program distributors – emergency information must be made accessible to people 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.

Developments at the FCC

Small Entity Compliance Guide Program. Through the Office of Communications Business Opportunities, the FCC released its Compliance Guide Program to help small businesses comply with Commission regulations. Specifically, the Commission will provide compliance guides for notice-and-comment rulemaking proceedings. The guide is not yet available for small cable operators. We will keep you posted on any developments.

Filing fees change, effective October 1, 2004. The FCC recently released an Order changing filing fees for various forms filed at the Commission. Below are some commonly-filed forms and corresponding fee. These fees are effective October 1, 2004. Please note the list below is not all-encompassing.

- CARS Licenses - \$230.00
- Cable Special Relief Petition - \$1,160
- Registration Statement - \$55.00
- Aeronautical Frequency Usage Notification - \$55.00

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.

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