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CLIENT UPDATE
July 27, 2005

Copyright Statements
Due August 29

Depending on your company's semiannual gross receipts, your company will need to file one of the following forms by August 29:

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 recently acquired new systems, you may need to consider how the system's location may impact your future copyright royalty payments. Your copyright royalty payments may also be impacted by how you launch DTV signals. If you have questions concerning copyright compliance, please contact Chris Cinnamon or Ly Chhay at 312-372-3930.

FCC Form 477
Due September 1

The updated FCC's Local Competition and Broadband Reporting Form 477 is due September 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.

All facilities-based providers of broadband connections (with a transfer rate of over 200 kbps in one direction) to end users in a given state must file a Form 477 for that state. Facilities-based providers include cable systems that offer cable modem service and municipalities that offer broadband-speed services.

Access the form and instructions at www.fcc.gov/formpage.html. If you have any questions about Form 477, please call Ly Chhay at 312-372-3930.

FCC Regulatory Fee Payments
Due August 23 through September 7, 2005

The FCC will accept FY 2005 regulatory fees beginning August 23 through midnight on September 7, 2005. When filing your regulatory fees, keep in mind the following guidelines:

- Regulatory fees are \$0.72/subscriber and CARS licenses are \$155.
- All payments must be received at the Commission's Pittsburgh, Pennsylvania address or via the FCC's website Fee Filer by 11:59 PM on September 7, 2005 to avoid a 25% penalty. Go to <http://www.fcc.gov/fees/regfees.html#how> for more details.
- All payments must include an FCC Registration Number (FRN).
- The FCC will soon have available an online site to view your company's fee information. Go to www.fccfees.com and click on the "online viewing of fee information" link to view your company's fee amounts, fee codes, facility identification number and other pertinent information.

For more information, please contact Emily Denney at 312-372-3930.

EEO FCC Form 396-C
Due September 30

The FCC's Multi-Channel Video Programming Distributor EEO Program Annual Report is due September 30. Below we answer some commonly asked questions.

- **Who has to file the form?**
 - Cable operators with fewer than six full time employees must file *only if they have never filed before*.
 - Cable operators with six or more full time employees must file the form.
- **Where do I file Form 396-C?**
 - Login to the Media Bureau's Consolidated Database System at <http://svartifoss2.fcc.gov/cgi-bin/ws.exe/prod/cdb/forms/prod/cdbsmenu.hts>.
- **What is the deadline?**
 - Form 396-C must be submitted electronically by midnight on September 30, 2005.
- **Do I have to file the form online?**
 - Paper versions of the form will not be accepted unless accompanied by an appropriate request for a waiver of the electronic filing requirement. Waivers are not routinely granted, and you must plead with particularly the facts and circumstances warranting relief.

- **Do I have to file the Supplemental Investigation Sheet (“SIS”)?**
 - The FCC randomly selects cable operators to file the SIS. The online system will advise you if you are required to file a SIS.

- **What is an EUID and an Employment Unit?**
 - An EUID is an identification number for each employment unit. A system serving multiple communities is counted as a single employment unit. Where multiple cable systems are commonly owned or controlled and are interrelated in their local management, operation, and utilization of employees, they are considered to be a single employment unit.

- **Do I have to complete the form in one sitting?**
 - No. As with other electronic forms, you can fill out part or all of the form and press “save” to save what has been filled out. “Saving” does not file the form but it does keep what has been entered so that you may return to the form later and complete it by the due date. In order to actually file the form, you must press the “File Form” button and complete the filing process.

- **What is the status of Form 395-A?**
 - Generally, Forms 396-C and 395-A are due on September 30 of each year. However, because the FCC has not released the new Form 395-A, only Form 396-C is due by September 30. We will notify you when there is a deadline established for Form 395-A. At this time, only Form 396-C is due.

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

Small System EAS Update

As we have been reporting to you over the past months, many of your EAS waivers 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.

Before applying for an extension of your waiver, ensure that your company is up-to-date with all fee payments to the FCC. In 2004, the Commission instituted a policy whereby they will not grant waiver requests to companies that owe money to the FCC.

For more information about EAS waivers or compliance, please call Emily Denney or Nicole Paolini-Subramanya at 312-372-3930.

Turning Increased Tower Regulation into Opportunity

Municipalities are becoming increasingly sensitive to the growing number of towers within their borders. As a result, cities and towns are tightening zoning restrictions and encouraging the collocation of communications equipment on existing towers. While these restrictions can increase the legal and administrative burden of expanding operations, collocation also presents cable operators with an opportunity for savings and increased revenue.

Collocating Can Save Dollars. Collocating on an existing structure can lower your construction costs and free up scarce capital for other projects. Before subleasing tower space, it is crucial to perform adequate due diligence and negotiate a lease or sublease which addresses present and future needs. Collocation considerations include:

- If subleasing, confirm that the sublessor has the right to sublease tower space to a third party and that the sublease includes adequate ingress and egress rights as well as access to utilities.
- Ensure that all parties remain adequately insured, with certificates of insurance.
- Make sure that the lease or sublease allows modification and equipment upgrades without additional consideration.

New Tower Construction. If you own or are building your own tower, planning ahead for subtenants can increase your bottom line. When negotiating a ground lease for the construction of a tower, certain provisions will open the door for future users:

- The ground lease should be freely assignable without consent of the landowner.
- The lease should allow future users to install and maintain equipment both on the tower and within the leased compound. These access rights should include ingress and egress as well utility access.
- The owner should be required to maintain adequate insurance to prevent any unrelated claimants to go after the “big pocket” who maintains equipment on the property.
- Reserve the right to record a memorandum of lease. State law differs on the rights of tenants in the event the underlying property is sold to a third party. Make sure your investment is protected.

When buying, building or leasing real property, adequate planning can save time and money. Next month, we will focus on issues related to towers on easements. If you have any questions about buying, selling or leasing real estate, call Karl Moltzen at 312-372-3930.

Video News Releases

The Commission recently released a public notice to remind cable operators who air Video News Releases (“VNRs”) of their responsibilities under the Commission’s sponsorship identification rules. VNRs are prepackaged news stories that may include actors playing reporters or suggested scripts to introduce the stories. The rules require that:

- When payment is being made in exchange for the cable operator to air a program, at the time of the airing, the cable system must tell their viewers that the program is sponsored or paid for, and who paid for or sponsored the program.
- Even if no consideration is offered, the cable operator must disclose before and after the program the sponsorship information for political materials or discussions of controversial materials.

The Commission may take appropriate enforcement actions against operators who do not comply. If you have questions about VNRs or the sponsorship identification rules, please call Ly Chhay at 312-372-3930.

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.