

ATTENTION

Mandatory Regulation for Making Statutory License Royalty Fee Payments via Electronic Funds Transfer

EFFECTIVE OCTOBER 1, 2006

The Copyright Office amended Sections 201.11 (satellite carrier statements of account covering statutory licenses for secondary transmissions), 201.17 (statements of account covering statutory licenses for secondary transmissions by cable systems) and 201.28 (statements of account for digital audio recording devices or media) of Title 37 of the *Code of Federal Regulations* to require that all statutory license royalty fee payments be made via electronic funds transfer. The regulation is effective beginning October 1, 2006, and applicable to all royalty payments received on or after October 1, 2006, for past and subsequent accounting periods. For details see the *Federal Register*, August 10, 2006 (71 FR 45739) available at www.copyright.gov/fedreg/2006/71fr45739.html.

For detailed instructions concerning electronic payments, contact the Licensing Division between 8:30 AM and 5:00 PM eastern time by calling (202) 707-8150, faxing (202) 707-0905, or emailing licensing@loc.gov for circulars 74A (on payments via wire), 74B, (on payments via ACH credit), and 74C (on payments using *pay.gov*), which are also available at www.copyright.gov/circs/circ74.



Important Notice to All Cable Operators

Please note that the Copyright Office is amending Section 201.17 of Title 37 of the Code of Federal Regulations to require that a legible copy of the semi-annual Statement of Account be submitted together with the original Statement of Account to the Licensing Division of the Copyright Office, effective July 1, 2005. (See *Federal Register*, May 26, 2005, 70 FR 30366.)

Library of Congress
Copyright Office
Licensing Division
101 Independence Ave., S.E.
Washington, DC 20557-6400

**—OFFICIAL BUSINESS—
UNITED STATES COPYRIGHT OFFICE
STATEMENT OF ACCOUNT
SA3 (LONG FORM)**

SPECIAL NOTICE ABOUT THIS STATEMENT OF ACCOUNT

Delayed Mail

Please note that delivery of all U.S. Postal Service and private carrier mail to the U.S. Copyright Office is being delayed as it is being screened for security reasons. Also, commercial couriers and messengers must deliver materials for the Copyright Office to: Congressional Courier Acceptance Site, 2nd and D Streets, NE, Washington, DC (Monday through Friday, 8:30 to 4:00 pm). Couriers having more than 10 items or packages exceeding 4" x 14" x 18" in size will be directed to another off-site facility. See our website at www.copyright.gov and go to the link "An important message about mail delivery" for the most current information. We encourage you to subscribe to *NewsNet*, a free electronic mailing list that issues alerts about mail and other copyright issues (simply send an email message to listserv@loc.gov, and in the body of the message, say "subscribe uscopyright," or subscribe at www.copyright.gov/newsnet).

Royalty Fee Payments via Electronic Funds Transfer

Royalty fee payments should be made by electronic funds transfer (EFT) using either the Automated Clearing House (ACH) network or the Fedwire Deposit System (Fedwire). You can originate an ACH using a personal computer with Internet access and following the simple instructions beginning at www.copyright.gov/licensing/royalty. Additional instructions on originating your own ACH can be obtained by contacting the Licensing Division. Also, your financial institution should be able to originate an ACH or Fedwire for you. Detailed information is available in Circular 74 at www.copyright.gov/circs/circ74.pdf.

The use of EFT has many benefits including: 1) allows you to keep funds longer, 2) eliminates lost or stolen checks, 3) allows for tracing of payments, 4) reduces operating costs, and 5) reduces paper handling.

Calculation of the 3.75% Fee for "partially-permitted signals"

Effective January 1, 1998, the Copyright Office amended its rules to permit cable systems to calculate the 3.75% fee for distant signals on a "partially-permitted" basis where applicable. Section 201.17 was amended by adding paragraph (h)(2)(iv) which reads:

Commencing with the semiannual accounting period of January 1, 1998 through June 30, 1998, the 3.75% rate applies to certain DSEs with respect to the communities within the cable system where carriage would not have been permitted under the rules and regulations of the Federal Communications Commission in effect on June 24, 1981, but in all other communities within the cable system, the current base rate shall apply. 62 FR 23360 (April 30, 1997) (www.copyright.gov/fedreg/1997/62fr23360.html)

Guidance for Computing the Royalty Fee for "Partially Permitted/Partially Non-Permitted" Stations

Step 1: Use Part 9, Block A, of the DSE Schedule to establish subscriber groups to compute the base rate fee for wholly and partially-permitted distant stations. Write "Permitted Stations" at the top of the page. Note: One or more permitted stations in these subscriber groups may be "partially distant."

Step 2: Use a separate Part 9, Block A, to compute the 3.75% fee for wholly non-permitted and partially non-permitted distant stations. Write "Non-permitted 3.75 Stations" at the top of this page. Multiply the subscriber group gross receipts x total DSEs x .0375 and enter the grand total 3.75% fees on line 2, block 3, of Space L. Important: The sum of the gross receipts reported for each Part 9 used in Steps 1 and 2 must equal the amount reported in Space K.

Step 3: Use Part 9, Block B, to compute a syndicated exclusivity surcharge for any wholly or partially-permitted distant station from Step 1 that is subject to this surcharge.

THIS FORM IS EFFECTIVE FOR ACCOUNTING PERIODS BEGINNING JULY 1, 2000.
 If you are filing for a prior accounting period, contact the Licensing Division for the correct form.

STATEMENT OF ACCOUNT
*for Secondary Transmissions by
 Cable Systems (Long Form)*

General Instructions are at the end of this form [pages (i)-(vii)].

| FOR COPYRIGHT OFFICE USE ONLY | |
|-------------------------------|-------------------|
| DATE RECEIVED | AMOUNT |
| | \$ |
| | ALLOCATION NUMBER |
| | |

**SA3
 Long Form**

Return to:
 LIBRARY OF CONGRESS
 COPYRIGHT OFFICE
 LICENSING DIVISION
 101 INDEPENDENCE AVE., S.E.
 WASHINGTON, DC 20557-6400
 (202) 707-8150

[Deliveries to LM-458]
 8:30 to 5:00

| | | |
|----------------------------------|---|---|
| A Accounting Period | ACCOUNTING PERIOD COVERED BY THIS STATEMENT: (Check one of the boxes and fill in the year date.) | |
| | <input type="checkbox"/> January 1 - June 30 (Year) | <input type="checkbox"/> July 1 - December 31 (Year) |

| | | |
|-------------------|--|---|
| B Owner | INSTRUCTIONS: Give the full legal name of the owner of the cable system in Line 1. If the owner is a subsidiary of another corporation, give the full corporate title of the subsidiary, not that of the parent corporation. In Line 2, list any other names under which the owner conducts the business of the cable system. <input type="checkbox"/> Check here if this is the system's first filing. If not, enter the system's ID number assigned by the Licensing Division. _____ | |
| | 1 | LEGAL NAME OF OWNER OF CABLE SYSTEM |
| | 2 | BUSINESS NAME(S) OF OWNER OF CABLE SYSTEM (IF DIFFERENT): |
| | 3 | MAILING ADDRESS OF OWNER OF CABLE SYSTEM: (Number, Street, Rural Route, Apartment or Suite Number) (City, Town, State, ZIP Code) |

| | | |
|--------------------|---|--|
| C System | INSTRUCTIONS: In line 1, give any business or trade names used to identify the business and operation of the system unless these names already appear in space B. In line 2, give the mailing address of the system, if different from the address given in space B. | |
| | 1 | IDENTIFICATION OF CABLE SYSTEM: |
| | 2 | MAILING ADDRESS OF CABLE SYSTEM: (Number, Street, Rural Route, Apartment or Suite Number) (City, Town, State, ZIP Code) |

| | | | | |
|----------------------------|--|--------------|-------|--------------|
| D Area Served | INSTRUCTIONS: List each separate community served by the cable system. A "community" is the same as a "community unit" as defined in FCC rules: "... a separate and distinct community or municipal entity (including unincorporated communities within unincorporated areas and including single, discrete unincorporated areas.)" 47 C.F.R. §76.5(mm). The first community that you list will serve as a form of system identification hereafter known as the "First Community." Please use it as the First Community on all future filings. Note: Entities and properties such as hotels, apartments, condominiums or mobile home parks should be reported in parentheses below the identified city. | | | |
| | First Community | CITY OR TOWN | STATE | CITY OR TOWN |
| | | | | |
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|--------------------------------------|-------------|
| LEGAL NAME OF OWNER OF CABLE SYSTEM: | Name |
|--------------------------------------|-------------|

SECONDARY TRANSMISSION SERVICE: SUBSCRIBERS AND RATES

In General: The information in space E should cover all categories of "secondary transmission service" of the cable system: that is, the retransmission of television and radio broadcasts by your system to subscribers. Give information about other services (including pay cable) in space F, not here. All the facts you state must be those existing on the last day of the accounting period (June 30 or December 31, as the case may be).

Number of Subscribers: Both blocks in space E call for the number of subscribers to the cable system, broken down by categories of secondary transmission service. In general, you can compute the number of "subscribers" in each category by counting the number of billings in that category (the number of persons or organizations charged separately for the particular service at the rate indicated—not the number of sets receiving service).

Rate: Give the standard rate charged for each category of service. Include both the amount of the charge and the unit in which it is generally billed. (Example: "\$8/mth"). Summarize any standard rate variations within a particular rate category, but do not include discounts allowed for advance payment.

Block 1: In the left-hand block in space E, the form lists the categories of secondary transmission service that cable systems most commonly provide to their subscribers. Give the number of subscribers and rate for each listed category that applies to your system. **Note:** Where an individual or organization is receiving service that falls under different categories, that person or entity should be counted as a "subscriber" in each applicable category. Example: a residential subscriber who pays extra for cable service to additional sets would be included in the count under "Service to the First Set," and would be counted once again under "Service to Additional Set(s)."

Block 2: If your cable system has rate categories for secondary transmission service that are different from those printed in block 1, (for example, tiers of services which include one or more secondary transmissions), list them, together with the number of subscribers and rates, in the right-hand block. A two or three word description of the service is sufficient.

E

**Secondary
transmission
Service:
Subscribers
and Rates**

| BLOCK 1 | | | BLOCK 2 | | |
|--------------------------------------|--------------------|------|---------------------|--------------------|------|
| CATEGORY OF SERVICE | NO. OF SUBSCRIBERS | RATE | CATEGORY OF SERVICE | NO. OF SUBSCRIBERS | RATE |
| Residential: | | | | | |
| • Service to First Set | | | | | |
| • Service to Additional Set(s) | | | | | |
| • FM Radio (if separate rate) | | | | | |
| Motel, Hotel | | | | | |
| Commercial | | | | | |
| Converter | | | | | |
| • Residential | | | | | |
| • Non-Residential | | | | | |

SERVICES OTHER THAN SECONDARY TRANSMISSIONS: RATES

In General: Space F calls for rate (not subscriber) information with respect to all your cable system's services that were not covered in space E. That is, those services that are not offered in combination with any secondary transmission service for a single fee. There are two exceptions: you do not need to give rate information concerning: (1) services furnished at cost; and (2) services or facilities furnished to nonsubscribers. Rate information should include both the amount of the charge and the unit in which it is usually billed. If any rates are charged on a variable per-program basis, enter only the letters "PP" in the rate column.

Block 1: Give the standard rate charged by the cable system for each of the applicable services listed.

Block 2: List any services that your cable system furnished or offered during the accounting period that were not listed in block 1 and for which a separate charge was made or established. List these other services in the form of a brief (two or three word) description, and include the rate for each.

F

**Services
Other Than
Secondary
Transmissions:
Rates**

| BLOCK 1 | | BLOCK 2 | | BLOCK 2 | |
|-------------------------------------|------|--------------------------------------|------|---------------------|------|
| CATEGORY OF SERVICE | RATE | CATEGORY OF SERVICE | RATE | CATEGORY OF SERVICE | RATE |
| Continuing Services: | | Installation: Non-Residential | | | |
| • Pay Cable | | • Motel, Hotel | | | |
| • Pay Cable—Add'l Channel | | • Commercial | | | |
| • Fire Protection | | • Pay Cable | | | |
| • Burglar Protection | | • Pay Cable—Add'l Channel | | | |
| Installation: Residential | | • Fire Protection | | | |
| • First Set | | • Burglar Protection | | | |
| • Additional Set(s) | | Other Services: | | | |
| • FM Radio (if separate rate) | | • Reconnect | | | |
| • Converter | | • Disconnect | | | |
| | | • Outlet Relocation | | | |
| | | • Move to New Address | | | |

LEGAL NAME OF OWNER OF CABLE SYSTEM: Name

PRIMARY TRANSMITTERS: RADIO

In General: List every radio station carried on a separate and discrete basis and list those FM stations carried on an all-band basis whose signals were "generally receivable" by your cable system during the accounting period.

Special Instructions Concerning All-Band FM Carriage: Under Copyright Office Regulations, an FM Signal is "generally receivable" if: (1) "it is carried by the system whenever it is received at the system's headend"; and (2) it can be expected, on the basis of monitoring, to be received at the headend, with the system's FM antenna, during certain stated intervals. For detailed information about the the Copyright Office Regulations on this point, see page (v) of the General Instructions.

Column 1: Identify the call sign of each station carried.

Column 2: State whether the station is AM or FM.

Column 3: If the radio station's signal was electronically processed by the cable system as a separate and discrete signal, indicate this by placing a check mark in the "S/D" column.

Column 4: Give the station's location (the community to which the station is licensed by the FCC or, in the case of Mexican or Canadian stations, if any, the community with which the station is identified).


H Primary Transmitters: Radio

Table with 8 columns: CALL SIGN, AM or FM, S/D, LOCATION OF STATION (repeated twice). The table contains multiple rows of dotted lines for data entry.

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| Name | LEGAL NAME OF OWNER OF CABLE SYSTEM: |
|-------------|--------------------------------------|

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| K Gross Receipts | <p>GROSS RECEIPTS Instructions: The figure you give in this space determines the form you file and the amount you pay. Enter the total of all amounts ("gross receipts") paid to your cable system by subscribers for the system's "secondary transmission service" (as identified in space E) during the accounting period. For a further explanation of how to compute this amount, see page (vi) of the General Instructions.</p> <p>Gross receipts from subscribers for secondary transmission service(s) during the accounting period. ▶ \$ _____ <small>(Amount of "gross receipts")</small></p> <p>IMPORTANT: You must complete a statement in space P concerning gross receipts.</p> |
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| L Copyright Royalty Fee | <p>INSTRUCTIONS FOR COMPUTING THE COPYRIGHT ROYALTY FEE Use the blocks in this space L to determine the royalty fee you owe:</p> <ul style="list-style-type: none"> • Complete block 1, showing your Minimum Fee. • Complete block 2, showing whether your system carried any distant television stations. • If your system did not carry any distant television stations, leave block 3 blank. Enter the amount of the Minimum Fee from block 1 on line 1 of block 4, and calculate the Total Royalty Fee. • If your system did carry any distant television stations you must complete the applicable parts of the DSE Schedule accompanying this form and attach the Schedule to your Statement of Account. <p>▶ If part 8 or part 9, Block A, of the DSE Schedule was completed, the base rate fee should be entered on line 1 of Block 3 below.</p> <p>▶ If part 6 of the DSE Schedule was completed, the amount from line 7 of Block C should be entered on line 2 in Block 3 below.</p> <p>▶ If part 7 or part 9, Block B, of the DSE Schedule was completed, the surcharge amount should be entered on line 2 in Block 4 below.</p> |
| Block 1 | <p>MINIMUM FEE: All cable systems with semiannual "gross receipts" of \$379,600 or more are required to pay at least the Minimum Fee, regardless of whether they carried any distant stations. This fee is .956 of one percent of the system's "gross receipts" for the accounting period.</p> <p>Line 1. Enter the amount of "gross receipts" from space K. ▶ _____</p> <p>Line 2. Multiply the amount in line 1 by .00956 Enter the result here. ▶ \$ _____</p> <p>This is your Minimum Fee. ▶ \$ _____</p> |
| Block 2 | <p>DISTANT TELEVISION STATIONS CARRIED: Your answer here must agree with the information you gave in space G. If, in space G, you identified any stations as "distant" by stating "Yes" in column 4, you must check "Yes" in this block.</p> <p>• Did your cable system carry any distant television stations during the accounting period? <input type="checkbox"/> Yes—Complete the DSE Schedule. <input type="checkbox"/> No—Leave block 3 below blank and complete line 1, block 4.</p> |
| Block 3 | <p>Line 1. BASE RATE FEE: Enter the Base Rate Fee from either Part 8, section 3 or 4, or Part 9, Block A of the DSE Schedule. If none, enter zero. ▶ \$ _____</p> <p>Line 2. 3.75 Fee: Enter the total fee from line 7, Block C, Part 6 of the DSE Schedule. If none, enter zero. ▶ \$ _____</p> <p>Line 3. Add lines 1 and 2 and enter here ▶ \$ _____</p> |
| Block 4 | <p>Line 1. BASE RATE FEE/3.75 FEE, or MINIMUM FEE: Enter either the minimum fee from Block 1 or the sum of the Base Rate Fee/3.75 Fee from Block 3, line 3, whichever is larger. ▶ \$ _____</p> <p>Line 2. SYNDICATED EXCLUSIVITY SURCHARGE: Enter the fee from either part 7 (block D, section 3 or 4) or part 9 (block B) of the DSE Schedule. If none, enter zero. ▶ \$ _____</p> <p>Line 3. INTEREST CHARGE: Enter the amount from line 4, space Q, page 9 (Interest Worksheet). ▶ \$ _____</p> <p>TOTAL ROYALTY FEE. Add Lines 1, 2 and 3 of Block 4 and enter total here. ▶ \$ _____</p> <p>Remit this amount via electronic payment; or in the form of a certified check, cashier's check, or money order, payable to <i>Register of Copyrights</i>. Do not send cash. We recommend electronic payments.</p> |

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| LEGAL NAME OF OWNER OF CABLE SYSTEM: | Name |
| <p>CHANNELS INSTRUCTIONS: You must give: (1) the number of channels on which the cable system carried television broadcast stations to its subscribers; and, (2) the cable system's total number of activated channels, during the accounting period.</p> <p>1. Enter the total number of channels on which the cable system carried television broadcast stations.</p> <p>2. Enter the total number of activated channels on which the cable system carried television broadcast stations and nonbroadcast services</p> | M Channels |
| <p>INDIVIDUAL TO BE CONTACTED IF FURTHER INFORMATION IS NEEDED: (Identify an individual to whom we can write or call about this Statement of Account.)</p> <p>Name..... Telephone..... <small>(Area Code)</small></p> <p>Address..... <small>(Number, Street, Rural Route, Apartment or Suite Number)</small></p> <p>..... <small>(City, Town, State, ZIP Code)</small></p> | N Contact |
| <p>CERTIFICATION: (This Statement of Account must be certified and signed in accordance with Copyright Office Regulations, as explained in the General Instructions.)</p> <p>• I, the undersigned, hereby certify that: (Check one, but only one, of the boxes.)</p> <p><input type="checkbox"/> (Owner other than corporation or partnership) I am the owner of the cable system as identified in line 1 of space B; or</p> <p><input type="checkbox"/> (Agent of owner other than corporation or partnership) I am the duly authorized agent of the owner of the cable system as identified in line 1 of space B, and that the owner is not a corporation or partnership; or</p> <p><input type="checkbox"/> (Officer or partner) I am an officer (if a corporation) or a partner (if a partnership) of the legal entity identified as owner of the cable system in line 1 of space B.</p> <p>• I have examined the Statement of Account and hereby declare under penalty of law that all statements of fact contained herein are true, complete, and correct to the best of my knowledge, information, and belief, and are made in good faith. [18 U.S.C., Section 1001(1986)]</p> <p> Handwritten signature: (X).....</p> <p>Typed or printed name:.....</p> <p>Title:..... <small>(Title of official position held in corporation or partnership)</small></p> <p>Date:.....</p> | O Certification |

| | |
|-------------|--------------------------------------|
| Name | LEGAL NAME OF OWNER OF CABLE SYSTEM: |
|-------------|--------------------------------------|

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| P Statement of Gross Receipts | <p>SPECIAL STATEMENT CONCERNING GROSS RECEIPTS EXCLUSION The Satellite Home Viewer Act of 1988 amended Title 17, section 111(d)(1)(A), of the Copyright Act by adding the following sentence: "In determining the total number of subscribers and the gross amounts paid to the cable system for the basic service of providing secondary transmissions of primary broadcast transmitters, the system shall not include subscribers and amounts collected from subscribers receiving secondary transmissions for private home viewing pursuant to section 119." For more information on when to exclude these amounts, see the note on page(vi) of the General Instructions. During the accounting period did the cable system exclude any amounts of gross receipts for secondary transmissions made by satellite carriers to satellite home "dish" owners? <input type="checkbox"/> NO <input type="checkbox"/> YES. Enter the total here \$ _____ and list the satellite carrier(s) below.</p> | |
| | Name Mailing Address | Name Mailing Address |
| | Name Mailing Address | Name Mailing Address |

| | | |
|--|--|--|
| Q Interest Assessment | <p>WORKSHEET FOR COMPUTING INTEREST You must complete this worksheet for those royalty payments submitted as a result of a late payment or underpayment. For an explanation of interest assessment, see page (vii) General Instructions.</p> <p>Line 1. Enter the amount of late payment or underpayment \$ _____ x _____</p> <p>Line 2. Multiply line 1 by the interest rate* and enter the sum here x _____</p> <p>Line 3. Multiply line 2 by the number of days late and enter the sum here x .00274</p> <p>Line 4, Multiply line 3 by .00274** enter here and on line 3, Block 4, space L, (page 7) \$ _____ (interest charge)</p> <p>*Contact the Licensing Division at 202-707-8150 for the interest rate for the accounting period in which the late payment or underpayment occurred.</p> <p>**This is the decimal equivalent of 1/365, which is the interest assessment for one day late.</p> <p>NOTE: If you are filing this worksheet covering a Statement of Account already submitted to the Copyright Office, please list below the Owner, Address, First Community Served, and Accounting Period as given in the original filing.</p> <p>Owner Address First Community Served Accounting Period</p> | |
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INSTRUCTIONS FOR DSE SCHEDULE

WHAT IS A "DSE"

The term "distant signal equivalent" ("DSE") refers to the numerical value given by the Copyright Act to each distant television station carried by a cable system during an accounting period. Your system's total number of DSEs determines the royalty you owe.

FORMULAS FOR COMPUTING A STATION'S DSE

There are two different formulas for computing DSEs: (1) a basic formula for all distant stations listed in space G (page 3); and (2) a special formula for those stations carried on a substitute basis and listed in space I (page 5). (Note that, if a particular station is listed in both space G and space I, a DSE must be computed twice for that station: once under the basic formula and again under the special formula. However, a station's total DSE is not to exceed its full type-value. If this happens, contact the Licensing Division.)

BASIC FORMULA: FOR ALL DISTANT STATIONS LISTED IN SPACE G OF SA3 (LONG FORM)

Step 1: Determine the station's TYPE-VALUE. For purposes of computing DSEs, the Copyright Act gives different values to distant stations depending upon their type. If, as shown in space G of your Statement of Account (page 3), a distant station is:

- INDEPENDENT: its type-value is ▶ 1.00
- NETWORK: its type value is ▶ .25
- NONCOMMERCIAL EDUCATIONAL: its type-value is ▶ .25

Note that local stations are not counted at all in computing DSEs.

Step 2: Calculate the station's BASIS OF CARRIAGE VALUE: The DSE of a station also depends on its basis of carriage. If, as shown in space G of your Form SA3, the station was carried part-time because of lack of activated channel capacity its basis of carriage value is determined by (1) calculating the number of hours the cable system carried the station during the accounting period; and (2) dividing that number by the total number of hours the station broadcast over the air during the accounting period. The basis of carriage value for all other stations listed in space G is 1.0.

Step 3: Multiply the result of step 1 by the result of step 2. This gives you the particular station's DSE for the accounting period. (Note that, for stations other than those carried on a part-time basis due to lack of activated channel capacity, actual multiplication is not necessary since the DSE will always be the same as the type value.)

SPECIAL FORMULA: FOR STATIONS LISTED IN SPACE I OF SA3 (LONG FORM)

Step 1: For each station, calculate the number of programs that, during the accounting period: were broadcast live by the station; **and** were substituted for programs deleted at the option of the cable system.

(These are programs for which you have entered "Yes" in column 2 **and** "P" in column 7 of space I.)

Step 2: Divide the result of step 1 by the total number of days in the calendar year (365—or 366 in a leap year). This gives you the particular station's DSE for the accounting period.

TOTAL OF DSEs

In part 5 of this Schedule you are asked to add up the DSEs for all of the distant television stations your cable system carried during the accounting period. This is the total sum of all DSEs computed by the basic formula and by the special formula.

THE ROYALTY FEE

The total royalty fee is determined by calculating the Minimum Fee and the Base Rate Fee. In addition, cable systems located within certain television market areas may be required to calculate the 3.75 Fee and/or the Syndicated Exclusivity Charge.

The 3.75 Fee. If a cable system located in whole or in part within a television market added stations after June 24, 1981, that would not have been "permitted" under FCC rules, regulations and authorizations (hereafter referred to as "the former FCC rules") in effect on June 24, 1981, the system must compute the 3.75 fee using a formula based on the number of DSEs added. These DSEs used in computing the 3.75 Fee will not be used in computing the Base Rate Fee and Syndicated Exclusivity Surcharge.

The Syndicated Exclusivity Surcharge. Cable systems located in whole or in part within a major television market, as defined by FCC rules and regulations, must calculate a Syndicated Exclusivity Surcharge for the carriage of any commercial VHF station that places a Grade B contour, in whole or in part, over the cable system which would have been subject to the FCC's syndicated exclusivity rules in effect on June 24, 1981.

The Minimum Fee/The Base Rate Fee/The 3.75% Fee. All cable systems filing SA3 (Long Form) must pay at least the Minimum Fee which is .956% of "gross receipts." The cable system pays either the "Minimum Fee," or the sum of the "Base Rate Fee" and the "3.75% Fee", whichever is larger, and a "Syndicated Exclusivity Surcharge", as applicable.

What is a "Permitted" Station? A "permitted" station refers to a distant station whose carriage is not subject to the 3.75% Rate, but is subject to the Base Rate and, where applicable, the Syndicated Exclusivity Surcharge. A "permitted" station would include the following:

- 1) A station actually carried within any portion of a cable system prior to June 25, 1981, pursuant to the former FCC rules.
- 2) A station first carried after June 24, 1981, which could have been carried under FCC rules in effect on June 24, 1981, if such carriage would not have exceeded the market quota imposed for the importation of distant stations under those rules.
- 3) A station of the same type substituted for a carried network, noncommercial educational, or regular independent station for which a quota was or would have been imposed under FCC rules (47 CFR 76.59 (b),(c), 76.61 (b),(c),(d), and 76.73 (a) [referring to 76.61 (b),(d)]) in effect on June 24, 1981.
- 4) A station carried pursuant to an individual waiver granted between April 16, 1976, and June 25, 1981 under the FCC rules and regulations in effect on April 15, 1976.
- 5) In the case of a station carried prior to June 25, 1981, on a parttime and/or substitute basis only, that fraction of the current DSE represented by prior carriage.

NOTE: If your cable system carried a station which you believe qualifies as a "permitted" station but does not fall into one of the above categories, please attach written documentation to the Statement of Account detailing the basis for its classification.

Substitution of Grandfathered Stations. Under section 76.65 of the former FCC rules, a cable system was not required to delete any station that it was authorized to carry or was lawfully carrying prior to March 31, 1972, even if the total number of distant stations carried exceeded the market quota imposed for the importation of distant stations. Carriage of these "grandfathered" stations is not subject to the 3.75% Rate, but is subject to the Base Rate, and where applicable, the Syndicated Exclusivity Surcharge. **The Copyright Royalty Tribunal has stated its view that, since section 76.65 of the former FCC rules would not have permitted substitution of a grandfathered station, the 3.75% Rate applies to a station substituted for a grandfathered station if carriage of the station exceeds the market quota imposed for the importation of distant stations.**

COMPUTING THE 3.75% RATE—PART 6 OF THE DSE SCHEDULE

- Determine which distant stations were carried by the system pursuant to former FCC rules in effect on June 24, 1981.
- Identify any station carried prior to June 25, 1981, on a substitute and/or part-time basis only and complete the log to determine the portion of the DSE exempt from the 3.75% Rate.
- Subtract the number of DSEs resulting from this carriage from the number of DSEs reported in part 5 of the DSE Schedule. This is the total number of DSEs subject to the 3.75% Rate. Multiply these DSEs x gross receipts x .0375. This is the 3.75 Fee.

COMPUTING THE SYNDICATED EXCLUSIVITY SURCHARGE—PART 7 OF THE DSE SCHEDULE

- Determine if any portion of the cable system is located within a top 100 major television market as defined by the FCC rules and regulation in effect on June 24, 1981. If no portion of the cable system is located in a major television market, part 7 does not have to be completed.
- Determine which station(s) reported in block B, part 6 is a commercial VHF station and places a Grade B contour in whole, or in part, over the cable system. If none of these stations are carried part 7 does not have to be completed.
- Determine which of those stations reported in block b, part 7 of the DSE Schedule were carried before March 31, 1972. These stations are exempt from the FCC's syndicated exclusivity rules in effect on June 24, 1981. If you qualify to calculate the royalty fee based upon the carriage of partially-distant stations, and you elect to do so, you must compute the surcharge in part 9 of this Schedule.
- Subtract the exempt DSEs from the number of DSEs determined in block B of part 7. This is the total number of DSEs subject to the Syndicated Exclusivity Surcharge.
- Compute the Syndicated Exclusivity Surcharge based upon these DSEs and the appropriate formula for the system's market position.

COMPUTING THE BASE RATE FEE—PART 8 OF THE DSE SCHEDULE

Determine whether any of the stations you carried were "partially-distant"—that is, whether you retransmitted the signal of one or more stations to subscribers located within the station's local service area and, at the same time, to other subscribers located outside that area.

• If none of the stations were "partially-distant," calculate your Base Rate Fee according to the following rates—for the system's permitted DSEs as reported in block B, part 6 or from part 5, whichever is applicable.

- First DSE .956% of "gross receipts"
- Each of the second, third, and fourth DSEs .630% of "gross receipts"
- The fifth and each additional DSE .296% of "gross receipts"

PARTIALLY-DISTANT STATIONS—PART 9 OF THE DSE SCHEDULE

- If any of the stations were "partially-distant":
 1. Divide all of your subscribers into "subscriber groups" depending on their location. A particular "subscriber group" consists of all subscribers who are "distant" with respect to exactly the same complement of stations.
 2. Identify the communities/areas represented by each subscriber group.
 3. For each "subscriber group," calculate the total number of DSEs of that group's complement of stations.
If your system is located wholly outside all major and smaller television markets, give each station's DSEs as you gave them in parts 2, 3, and 4 of the Schedule; or
If any portion of your system is located in a major or smaller television market, give each station's DSE as you gave it in block B, part 6 of this Schedule.
 4. Determine the portion of the total "gross receipts" you reported in

- space K (page 7) that is attributable to each "subscriber group."
- 5. Calculate a separate Base Rate Fee for each "subscriber group," using (1) the rates given above; (2) the total number of DSEs for that group's complement of stations; and (3) the amount of "gross receipts" attributable to that group.
- 6. Add together the Base Rate Fees for each "subscriber group" to determine the system's total Base Rate Fee.
- 7. If any portion of the cable system is located in whole or in part within a major television market, you may also need to complete part 9, block B of the Schedule to determine the Syndicated Exclusivity Surcharge.

What To Do If You Need More Space on the DSE Schedule. There are no printed continuation sheets for the Schedule. In most cases the blanks provided should be large enough for the necessary information. If you need more space in a particular part, make a photocopy of the page in question (identifying it as a "Continuation Sheet"), enter the additional information on that copy, and attach it to the DSE Schedule.

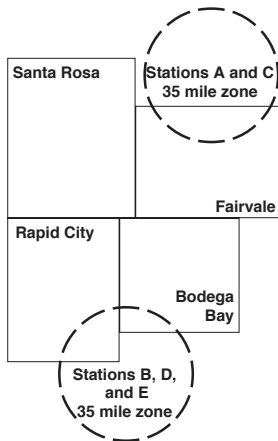
Rounding Off DSEs. In computing DSEs on the DSE Schedule, you may round off to no less than the third decimal point. If you round off a DSE in any case, you must round off DSEs throughout the Schedule as follows:
 • When the fourth decimal point is 1, 2, 3, or 4 the third decimal remains unchanged—(example: .34647 is rounded to .346)
 • When the fourth decimal point is 5, 6, 7, 8 or 9 the third decimal is rounded up—(example: .34651 is rounded to .347)

The example below is intended to supplement the instructions for calculating only the Base Rate Fee for "partially-distant" stations. The cable system would also be subject to the Syndicated Exclusivity Surcharge for "partially-distant" stations, if any portion is located within a major television market.

EXAMPLE:

COMPUTATION OF COPYRIGHT ROYALTY FEE FOR CABLE SYSTEM CARRYING "PARTIALLY-DISTANT" STATIONS

In most cases under current FCC rules all of Fairvale would be within the local service area of both stations A and C and all of Rapid City and Bodega Bay would be within the local service areas of stations B, D and E.



| Distant Stations Carried | | Identification of Subscriber Groups | | "GROSS RECEIPTS" FROM SUBSCRIBERS |
|--------------------------|--------------|-------------------------------------|-------------------------------|-----------------------------------|
| STATION | DSE | CITY | OUTSIDE LOCAL SERVICE AREA OF | |
| A (Independent) | 1.0 | | Stations A, B, C, D, E | \$210,000.00 |
| B (Independent) | 1.0 | Santa Rosa | Stations A and C | 80,000.00 |
| C (part-time) | .083 | Rapid City | Stations A and C | 40,000.00 |
| D (part-time) | .139 | Bodega Bay | Stations B, D, and E | 70,000.00 |
| E (network) | .25 | Fairvale | | |
| TOTAL DSEs | 2.472 | | TOTAL "GROSS RECEIPTS" | \$400,000.00 |

Minimum Fee Total "Gross Receipts" \$400,000.00
 x .00956
 \$ 3,824.00

| First Subscriber Group (Santa Rosa) | Second Subscriber Group (Rapid City and Bodega Bay) | Third Subscriber Group (Fairvale) |
|---------------------------------------|---|-----------------------------------|
| "Gross Receipts" \$210,000.00 | "Gross Receipts" \$120,000.00 | "Gross Receipts" \$70,000.00 |
| DSEs 2.472 | DSEs 1.083 | DSEs 1.389 |
| Base Rate Fee \$3,955.06 | Base Rate Fee \$1,209.95 | Base Rate Fee \$840.75 |
| \$210,000 x .00956 x 1.0 = 2,007.60 | \$120,000 x .00956 x 1.0 = 1,147.20 | \$70,000 x .00956 x 1.0 = 669.20 |
| \$210,000 x .00630 x 1.472 = 1,947.46 | \$120,000 x .00630 x .083 = 62.75 | \$70,000 x .00630 x .389 = 171.55 |
| Base Rate Fee \$3,955.06 | Base Rate Fee \$1,209.95 | Base Rate Fee \$840.75 |

Total Base Rate Fee: \$3,955.06 + \$1,209.95 + \$840.75 = \$6,005.76.
 In this example, the cable system would enter \$3,799.98 in space L, Block 3, line 1, (page 7).

| 1 Owner | LEGAL NAME OF OWNER OF CABLE SYSTEM: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|-----------|-----|-----------|-----|-----------|-----|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 2 Computation of DSEs for Category "O" Stations | <p>INSTRUCTIONS: In the column headed "Call Sign": list the call signs of all distant stations identified by the letter "O" in column 5 of space G (page 3). In the column headed "DSE": for each independent station, give the DSE as "1.0"; for each network or noncommercial educational station, give the DSE as ".25."</p> <p style="text-align: center;">CATEGORY "O" STATIONS: DSEs</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>CALL SIGN</th> <th>DSE</th> <th>CALL SIGN</th> <th>DSE</th> <th>CALL SIGN</th> <th>DSE</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table> <p>SUM OF DSEs OF CATEGORY "O" STATIONS: • Add the DSEs of each station. Enter the sum here and in line 1 of part 5 of this Schedule. </p> | CALL SIGN | DSE | CALL SIGN | DSE | CALL SIGN | DSE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CALL SIGN | DSE | CALL SIGN | DSE | CALL SIGN | DSE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| LEGAL NAME OF OWNER OF CABLE SYSTEM: | Name |
|--------------------------------------|-------------|

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| <p>INSTRUCTIONS FOR COMPUTATION OF DSEs FOR STATIONS CARRIED PART-TIME DUE TO LACK OF ACTIVATED CHANNEL CAPACITY</p> <p>Column 1: List the call sign of all distant stations identified by "LAC" in column 5 of space G (page 3).</p> <p>Column 2: For each station, give the number of hours your cable system carried the station during the accounting period. This figure should correspond with the information given in space J. Calculate only one DSE for each station.</p> <p>Column 3: For each station, give the total number of hours that the station broadcast over the air during the accounting period.</p> <p>Column 4: Divide the figure in column 2 by the figure in column 3, and give the result in decimals in column 4. This figure must be carried out at least to the third decimal point. This is the "basis of carriage value" for the station.</p> <p>Column 5: For each independent station give the "type-value" as "1.0." For each network or noncommercial educational station, give the "type-value" as ".25."</p> <p>Column 6: Multiply the figure in column 4 by the figure in column 5, and give the result in column 6. Round to no less than the third decimal point. This is the station's "DSE." (For more information on rounding, see page (vii) of the General Instructions.)</p> | 3 |
|---|---|

Computation of DSEs for Category "LAC" Stations

| CATEGORY "LAC" STATIONS: COMPUTATION OF DSEs | | | | | |
|--|--------------------------------------|--------------------------------------|----------------------------|---------------|--------|
| 1. CALL SIGN | 2. NUMBER OF HOURS CARRIED BY SYSTEM | 3. NUMBER OF HOURS OF STATION ON AIR | 4. BASIS OF CARRIAGE VALUE | 5. TYPE VALUE | 6. DSE |
| | ÷ | = | | X | = |
| | ÷ | = | | X | = |
| | ÷ | = | | X | = |
| | ÷ | = | | X | = |
| | ÷ | = | | X | = |
| | ÷ | = | | X | = |
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| | ÷ | = | | X | = |
| | ÷ | = | | X | = |

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| <p>SUM OF DSEs OF CATEGORY "LAC" STATIONS: Add the DSEs of each station. Enter the sum here and in line 2 of part 5 of this Schedule,</p> | <div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div> |
|--|--|

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|---|---|
| <p>INSTRUCTIONS FOR COMPUTATION OF DSEs FOR SUBSTITUTE-BASIS STATIONS:</p> <p>Column 1: Give the call sign of each station listed in space I (page 5, the Log of Substitute Programs) if that station:</p> <ul style="list-style-type: none"> • Was carried by your system in substitution for a program that your system was permitted to delete under FCC rules and regulations in effect on October 19, 1976 (as shown by the letter "P" in column 7 of space I); and • Broadcast one or more live, nonnetwork programs during that optional carriage (as shown by the word "Yes" in column 2 of space I). <p>Column 2: For each station give the number of live, nonnetwork programs carried in substitution for programs that were deleted at your option. This figure should correspond with the information in space I.</p> <p>Column 3: Enter the number of days in the calendar year: 365, except in a leap year.</p> <p>Column 4: Divide the figure in column 2 by the figure in column 3, and give the result in column 4. Round to no less than the third decimal point. This is the station's "DSE" (For more information on rounding, see page (vii) of the General Instructions.)</p> | 4 |
|---|---|

Computation of DSEs for Substitute-Basis Stations

| SUBSTITUTE-BASIS STATIONS: COMPUTATION OF DSEs | | | | | | | |
|--|-----------------------|---------------------------|--------|--------------|-----------------------|---------------------------|--------|
| 1. CALL SIGN | 2. NUMBER OF PROGRAMS | 3. NUMBER OF DAYS IN YEAR | 4. DSE | 1. CALL SIGN | 2. NUMBER OF PROGRAMS | 3. NUMBER OF DAYS IN YEAR | 4. DSE |
| | ÷ | = | | | ÷ | = | |
| | ÷ | = | | | ÷ | = | |
| | ÷ | = | | | ÷ | = | |
| | ÷ | = | | | ÷ | = | |
| | ÷ | = | | | ÷ | = | |
| | ÷ | = | | | ÷ | = | |
| | ÷ | = | | | ÷ | = | |
| | ÷ | = | | | ÷ | = | |
| | ÷ | = | | | ÷ | = | |
| | ÷ | = | | | ÷ | = | |

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|--|--|
| <p>SUM OF DSEs OF SUBSTITUTE-BASIS STATIONS: Add the DSEs of each station. Enter the sum here and in line 3 of part 5 of this Schedule,</p> | <div style="border: 1px solid black; width: 100px; height: 30px; margin: 0 auto;"></div> |
|--|--|

| | |
|---|---|
| <p>TOTAL NUMBER OF DSEs: Give the amounts from the boxes in parts 2, 3, and 4 of this Schedule, and add them to provide the total number of DSEs applicable to your system.</p> <p>1. Number of DSEs from part 2 ▶ _____</p> <p>2. Number of DSEs from part 3 ▶ _____</p> <p>3. Number of DSEs from part 4 ▶ _____</p> <p>TOTAL NUMBER OF DSEs ▶ _____</p> | 5 |
|---|---|

Total Number of DSEs

| | |
|-------------|--------------------------------------|
| Name | LEGAL NAME OF OWNER OF CABLE SYSTEM: |
|-------------|--------------------------------------|

6
Computation of 3.75 Fee

INSTRUCTIONS: Block A must be completed.
 In block A:
 • If your answer is "Yes", leave the remainder of part 6 and part 7 of the DSE Schedule blank and complete part 8, (page 16) of the Schedule.
 • If your answer is "No", complete blocks B and C below.

BLOCK A: TELEVISION MARKETS

Is the "cable system" located wholly outside of all major and smaller markets as defined under section 76.5 of FCC rules and regulations in effect on June 24, 1981?
 Yes—Complete part 8 of the Schedule—**DO NOT COMPLETE THE REMAINDER OF PART 6 AND 7.**
 No—Complete blocks B and C below.

BLOCK B: CARRIAGE OF PERMITTED DSEs

Column 1: CALL SIGN List the call signs of distant stations listed in part 2, 3, and 4 of this Schedule that your system was **"permitted"** to carry under FCC rules and regulations prior to June 25, 1981. (Note: for further explanation of **"permitted station"** see Instructions for the DSE Schedule.)

Column 2: BASIS OF PERMITTED CARRIAGE Enter the appropriate letter indicating the basis on which you carried a **"permitted station"**. (Note the FCC rules and regulations cited below pertain to those in effect on June 24, 1981.)
 A Stations carried pursuant to the FCC "market quota" rules (76.57, 76.59(b), 76.61(b)(c), 76.63(a) referring to 76.61(b)(c))
 B Specialty Station as defined in 76.5(kk) (76.59(d)(1), 76.61(e)(1), 76.63(a) referring to 76.61(e)(1))
 C Noncommercial Educational Station (76.59(c), 76.61(d), 76.63(a) referring to 76.61(d))
 D Grandfathered Station (76.65) (see paragraph regarding Substitution of Grandfathered Stations in the Instructions for DSE Schedule).
 E Carried pursuant to individual waiver of FCC rules (76.7)
 *F A station previously carried on a part-time or substitute basis prior to June 25, 1981
 G Commercial UHF Station within Grade-B contour (76.59(d)(5), 76.61(e)(5), 76.63(a) referring to 76.61(e)(5))

Column 3: List the DSE for each distant station listed in parts 2, 3, and 4 of the Schedule. *(Note: For those stations identified by the letter "F" in column 2, you must complete the worksheet on page 14 of this Schedule to determine the DSE.)

| 1. CALL SIGN | 2. PERMITTED BASIS | 3. DSE | 1. CALL SIGN | 2. PERMITTED BASIS | 3. DSE | 1. CALL SIGN | 2. PERMITTED BASIS | 3. DSE |
|--------------|--------------------|--------|--------------|--------------------|--------|--------------|--------------------|--------|
| | | | | | | | | |
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• SUM OF PERMITTED DSEs—add the DSEs of each station ▶

BLOCK C: COMPUTATION OF 3.75 FEE

Do any of these DSEs represent partially permitted/partially non-permitted carriage? If yes, see instructions on inside cover of this SA.

Line 1: Enter the total number of DSEs from part 5 of this Schedule ▶ _____

Line 2: Enter the "SUM OF PERMITTED DSEs" from block B above. ▶ _____

Line 3: Subtract line 2 from line 1. This is the total number of DSEs subject to the 3.75 rate.
 (If zero, leave lines 4-7 blank and proceed to part 7 of this Schedule). ▶ _____

Line 4: Enter "Gross Receipts" from space K (page 7). ▶ \$ _____
x .0375

Line 5: Multiply line 4 by .0375 and enter sum here ▶ \$ _____
x

Line 6: Enter total number of DSEs from line 3. ▶ _____

Line 7: Multiply line 6 by line 5 and enter here and on line 2, block 3, space L (page 7). ▶ \$

| | |
|-------------|--------------------------------------|
| Name | LEGAL NAME OF OWNER OF CABLE SYSTEM: |
|-------------|--------------------------------------|

BLOCK D: COMPUTATION OF THE SYNDICATED EXCLUSIVITY SURCHARGE

7

Computation of the Syndicated Exclusivity Surcharge

| | |
|-----------|--|
| Section 1 | Enter the amount of "Gross Receipts" from space K (page 7) ▶ \$ _____ |
| Section 2 | A. Enter the Total DSEs from Block B of Part 7. ▶ _____ |
| | B. Enter the total number of exempt DSEs from Block C of Part 7. ▶ _____ |
| | C. Subtract line B from line A and enter here. This is the total number of DSEs subject to the surcharge computation. If zero, proceed to part 8. ▶ |

• Is any portion of the cable system within a top 50 television market as defined by the FCC?
 Yes—Complete section 3 below. No—Complete section 4 below.

SECTION 3: TOP 50 TELEVISION MARKET

| | |
|------------|--|
| Section 3a | <p>• Did your cable system retransmit the signals of any partially-distant television stations during the accounting period? <input type="checkbox"/> Yes—Complete part 9 of this Schedule. <input type="checkbox"/> No—Complete the applicable section below.</p> <p>If the figure in section 2, line C is 4.000 or less, compute your surcharge here and leave section 3b blank. NOTE: If the DSE is 1.0 or less, multiply the "gross receipts" x .00599 x the DSE. Enter the result on line A below.</p> <p>A. Enter .00599 of "gross receipts" (the amount in section 1) ▶ \$ _____</p> <p>B. Enter .00377 of "gross receipts" (the amount in section 1) ▶ \$ _____</p> <p>C. Subtract 1.000 from total permitted DSEs (the figure on line C in section 2) and enter here. ▶ _____</p> <p>D. Multiply line B by line C and enter here. ▶ _____</p> <p>E. Add lines A and D. This is your surcharge. Enter here and on line 2 of block 4 in space L (page 7) Syndicated Exclusivity Surcharge ▶ \$ </p> |
|------------|--|

| | |
|------------|--|
| Section 3b | <p>If the figure in section 2, line C is more than 4.000, compute your surcharge here and leave section 3a blank.</p> <p>A. Enter .00599 of "gross receipts" (the amount in section 1) ▶ \$ _____</p> <p>B. Enter .00377 of "gross receipts" (the amount in section 1) ▶ \$ _____</p> <p>C. Multiply line B by 3.000 and enter here. ▶ \$ _____</p> <p>D. Enter .00178 of "gross receipts" (the amount in section 1) ▶ \$ _____</p> <p>E. Subtract 4.000 from total DSEs (the figure on line C in section 2) and enter here ▶ _____</p> <p>F. Multiply line D by line E and enter here. ▶ \$ _____</p> <p>G. Add lines A, C, and F. This is your surcharge. Enter here and on line 2, block 4, space L (page 7) Syndicated Exclusivity Surcharge ▶ \$ </p> |
|------------|--|

SECTION 4: SECOND 50 TELEVISION MARKET

| | |
|------------|---|
| Section 4a | <p>Did your cable system retransmit the signals of any partially-distant television stations during the accounting period? <input type="checkbox"/> Yes—Complete part 9, of the Schedule. <input type="checkbox"/> No—Complete the following sections.</p> <p>If the figure in section 2, line C is 4.000 or less, compute your surcharge here and leave section 4b blank. NOTE: If the DSE is 1.0 or less, multiply the "gross receipts" x .003 x the DSE. Enter the result on line A below.</p> <p>A. Enter .00300 of "gross receipts" (the amount in section 1) ▶ \$ _____</p> <p>B. Enter .00189 of "gross receipts" (the amount in section 1) ▶ \$ _____</p> <p>C. Subtract 1.000 from total permitted DSEs (the figure on line C in section 2) and enter here. ▶ _____</p> <p>D. Multiply line B by line C and enter here. ▶ \$ _____</p> <p>E. Add lines A and D. This is your surcharge. Enter here and in line 2, block 4, space L (page 7) Syndicated Exclusivity Surcharge ▶ \$ </p> |
|------------|---|

| | |
|--|-------------|
| LEGAL NAME OF OWNER OF CABLE SYSTEM: | Name |
| <div style="display: flex; justify-content: space-between;"> <div style="width: 15%;">Section 4b</div> <div style="width: 60%;"> <p>If the figure in section 2, line C is more than 4.000, compute your surcharge here and leave section 4a blank.</p> <p>A. Enter .00300 of "gross receipts" (the amount in section 1)▶ \$ _____</p> <p>B. Enter .00189 of "gross receipts" (the amount in section 1)▶ \$ _____</p> <p>C. Multiply line B by 3.000 and enter here▶ \$ _____</p> <p>D. Enter .00089 of "gross receipts" (the amount in section 1)▶ \$ _____</p> <p>E. Subtract 4.000 from the total DSEs (the figure on line C in section 2) and enter here▶ _____</p> <p>F. Multiply line D by line E and enter here▶ \$ _____</p> <p>G. Add lines A, C, and F. This is your surcharge. Enter here and on line 2, block 4, space L (page 7)</p> <p>Syndicated Exclusivity Surcharge▶ \$ </p> </div> <div style="width: 20%; text-align: center; vertical-align: middle;"> <p style="font-size: 2em; font-weight: bold;">7</p> <p>Computation of the Syndicated Exclusivity Surcharge</p> </div> </div> | |

| | |
|---|--|
| <p>INSTRUCTIONS: You must complete this part of the DSE Schedule for the SUM OF PERMITTED DSEs in Part 6, Block B; however, if block A of part 6 was checked "yes," use the total number of DSEs from part 5.</p> <ul style="list-style-type: none"> • In block A, indicate, by checking "Yes" or "No," whether your system carried any partially-distant stations. • If your answer is "No," compute your system's Base Rate Fee in block B. Leave part 9 blank. • If your answer is "Yes" (that is, if you carried one or more partially-distant stations), you must complete part 9. Leave block B below blank. <p>What is a "partially-distant station ?" A station is "partially-distant" if, at the time your system carried it, some of your subscribers were located within that station's local service area and others were located outside that area. For the definition of a station's "local service area," see the "Distant Station" section on page (iv) of the General Instructions.</p> | <p style="font-size: 2em; font-weight: bold;">8</p> <p>Computation of Base Rate Fee</p> |
|---|--|

BLOCK A: CARRIAGE OF PARTIALLY-DISTANT STATIONS

- Did your cable system retransmit the signals of any partially-distant television stations during the accounting period?
 Yes—Complete part 9 of this Schedule. No—Complete the following sections.

BLOCK B: NO PARTIALLY-DISTANT STATIONS—COMPUTATION OF BASE RATE FEE

| | |
|-----------|--|
| Section 1 | Enter the amount of "gross receipts from space K (page 7)▶ \$ _____ |
| Section 2 | Enter the total number of permitted DSEs from block B, part 6 of this Schedule. (If block A of part 6 was checked "yes," use the total number of DSEs from part 5.)▶ _____ |
| Section 3 | <p>If the figure in section 2 is 4.000 or less, compute your Base Rate Fee here and leave section 4 blank. NOTE: If the DSE is 1.0 or less, multiply the "gross receipts" x .00956 x the DSE. Enter the result on line A below.</p> <p>A. Enter .00956 of "gross receipts" (the amount in section 1)▶ \$ _____</p> <p>B. Enter .00630 of "gross receipts" (the amount in section 1)▶ \$ _____</p> <p>C. Subtract 1.000 from total DSEs (the figure in section 2) and enter here▶ _____</p> <p>D. Multiply line B by line C and enter here▶ \$ _____</p> <p>E. Add lines A, and D. This is your Base Rate Fee. Enter here and in block 3, line 1, space L (page 7)</p> <p>Base Rate Fee▶ \$ </p> |

| | | |
|---|--------------------------------------|--|
| Name | LEGAL NAME OF OWNER OF CABLE SYSTEM: | |
| 8 Computation of Base Rate Fee | Section 4 | <p>If the figure in section 2 is more than 4,000, compute your Base Rate Fee here and leave section 3 blank.</p> <p>A. Enter .00956 of "gross receipts" (the amount in section 1)▶ \$ _____</p> <p>B. Enter .00630 of "gross receipts" (the amount in section 1)▶ \$ _____</p> <p>C. Multiply line B by 3.000 and enter here▶ \$ _____</p> <p>D. Enter .00296 of "gross receipts" (the amount in section 1)▶ \$ _____</p> <p>E. Subtract 4.000 from total DSEs (the figure in section 2) and enter here▶ _____</p> <p>F. Multiply line D by line E and enter here▶ \$ _____</p> <p>G. Add lines A, C, and F. This is your Base Rate Fee. Enter here and in block 3, line 1, space L (page 7) Base Rate Fee▶ \$ </p> |

| | | |
|---|---|--|
| 9 Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially-Distant Stations | <p>In General: If any of the stations you carried was "partially-distant," the statute allows you, in computing your Base Rate Fee, to exclude receipts from subscribers located within the station's local service area from your system's total "gross receipts." To take advantage of this exclusion, you must</p> <p style="padding-left: 20px;">First: Divide all of your subscribers into "subscriber groups," each group consisting entirely of subscribers that are "distant" to the same station or the same group of stations.</p> <p style="padding-left: 20px;">Next: Treat each subscriber group as if it were a separate cable system. Determine the number of DSEs and the portion of your system's "gross receipts" attributable to that group, and calculate a separate Base Rate Fee for each group.</p> <p style="padding-left: 20px;">Finally: Add up the separate Base Rate Fees for each subscriber group. That total is the Base Rate Fee for your system.</p> <p>Important: If any portion of your cable system is located within the top 100 television market and the station is not exempt, you must also compute a Syndicated Exclusivity Surcharge for each subscriber group. In this case, complete both block A and B below. However, if your cable system is wholly located outside all major television markets, complete block A only.</p> <p>How to Identify a Subscriber Group</p> <p style="padding-left: 20px;">Step 1: Determine the local service area of each wholly-distant and each partially-distant station you carried.</p> <p style="padding-left: 20px;">Step 2: For each wholly-distant and each partially-distant station you carried, determine which of your subscribers were located outside the station's local service area. A subscriber located outside the local service area of a station is "distant" to that station (and, by the same token, the station is "distant" to the subscriber.)</p> <p style="padding-left: 20px;">Step 3: Divide your subscribers into subscriber groups according to the complement of stations to which they are "distant." Each subscriber group must consist entirely of subscribers who are "distant" to exactly the same complement of stations. Note that a cable system will have only one subscriber group when the distant stations it carried have local service areas that coincide.</p> <p style="padding-left: 20px;">Computing the Base Rate Fee for each subscriber group: Block A contains separate sections, one for each of your system's subscriber groups.</p> <p>In each section:</p> <ul style="list-style-type: none"> • Identify the communities/areas represented by each subscriber group. • Give the call sign for each of the stations in the subscriber group's complement—that is, each station that is "distant" to all of the subscribers in the group. • If: <ol style="list-style-type: none"> 1) your system is located wholly outside all major and smaller television markets, give each station's DSE as you gave it in parts 2, 3, and 4 of this Schedule; or, 2) any portion of your system is located in a major or smaller television market, give each station's DSE as you gave it in block B, part 6 of this Schedule. • Add the DSEs for each station. This gives you the total DSEs for the particular subscriber group. • Calculate "gross receipts" for the subscriber group. For further explanation of "gross receipts" see page (vi) of the General Instructions. • Compute a Base Rate Fee for each subscriber group using the formula outline in block B of part 8 of this Schedule on the preceding page. In making this computation, use the DSE and "gross receipts" figure applicable to the particular subscriber group (that is, the total DSEs for that group's complement of stations and total "gross receipts" from the subscribers in that group). You do not need to show your actual calculations on the form. | |
|---|---|--|

| | | | | | | | | | |
|---|-----|-----------|-----|--|-----|--|-----|-------------|--|
| LEGAL NAME OF OWNER OF CABLE SYSTEM: | | | | | | | | Name | |
| BLOCK A: COMPUTATION OF BASE RATE FEES FOR EACH SUBSCRIBER GROUP | | | | | | | | 9 | |
| FIRST SUBSCRIBER GROUP | | | | SECOND SUBSCRIBER GROUP | | | | | Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially-Distant Stations |
| COMMUNITY/ AREA | | | | COMMUNITY/ AREA | | | | | |
| CALL SIGN | DSE | CALL SIGN | DSE | CALL SIGN | DSE | CALL SIGN | DSE | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| "Total DSEs" | | | | "Total DSEs" | | | | | |
| "Gross Receipts" First Group \$ | | | | "Gross Receipts" Second Group \$ | | | | | |
| Base Rate Fee First Group \$ | | | | Base Rate Fee Second Group \$ | | | | | |
| THIRD SUBSCRIBER GROUP | | | | FOURTH SUBSCRIBER GROUP | | | | | |
| COMMUNITY/ AREA | | | | COMMUNITY/ AREA | | | | | |
| CALL SIGN | DSE | CALL SIGN | DSE | CALL SIGN | DSE | CALL SIGN | DSE | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| "Total DSEs" | | | | "Total DSEs" | | | | | |
| "Gross Receipts" Third Group \$ | | | | "Gross Receipts" Fourth Group \$ | | | | | |
| Base Rate Fee Third Group \$ | | | | Base Rate Fee Fourth Group \$ | | | | | |
| Base Rate Fee: Add the Base Rate Fees for each subscriber group as shown in the boxes above. Enter here and in block 3, line 1, space L (page 7) | | | | | | \$ | | | |

| | |
|-------------|--------------------------------------|
| Name | LEGAL NAME OF OWNER OF CABLE SYSTEM: |
|-------------|--------------------------------------|

9

Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially-Distant Stations

BLOCK B: COMPUTATION OF SYNDICATED EXCLUSIVITY SURCHARGE FOR EACH SUBSCRIBER GROUP

If your cable system is located within a top 100 television market and the station is **not exempt**, you must **also** compute a Syndicated Exclusivity Surcharge. Indicate which major television market any portion of your cable system is located in as defined by section 76.5 of FCC rules in effect on June 24, 1981:

- First 50 major television market
 Second 50 major television market

INSTRUCTIONS:

- Step 1:** In line 1, give the total DSEs by subscriber group for commercial VHF Grade B contour stations listed in block A, part 9 of this Schedule.
- Step 2:** In line 2 give the total number of DSEs by subscriber group for the VHF Grade B contour stations that were classified as "Exempt DSEs" in block C, part 7 of this Schedule. If none enter zero.
- Step 3:** In line 3 subtract line 2 from line 1. This is the total number of DSEs used to compute the surcharge.
- Step 4:** Compute the surcharge for each subscriber group using the formula outlined in block D, section 3 or 4 of part 7 of this Schedule. In making this computation use "Gross Receipts" figures applicable to the particular group. You do not need to show your actual calculations on this form.

| FIRST SUBSCRIBER GROUP | SECOND SUBSCRIBER GROUP |
|---|---|
| Line 1: Enter the VHF DSEs _____ | Line 1: Enter the VHF DSEs _____ |
| Line 2: Enter the "Exempt DSEs. . . _____ | Line 2: Enter the "Exempt DSEs . . . _____ |
| Line 3: Subtract line 2 from line 1 and enter here. This is the total number of DSEs for this subscriber group subject to the surcharge computation _____ | Line 3: Subtract line 2 from line 1 and enter here. This is the total number of DSEs for this subscriber group subject to the surcharge computation _____ |
| SYNDICATED EXCLUSIVITY SURCHARGE First Group \$ _____ | SYNDICATED EXCLUSIVITY SURCHARGE Second Group \$ _____ |

| THIRD SUBSCRIBER GROUP | FOURTH SUBSCRIBER GROUP |
|--|---|
| Line 1: Enter the VHF DSEs _____ | Line 1: Enter the VHF DSEs _____ |
| Line 2: Enter the "Exempt DSEs. . . _____ | Line 2: Enter the "Exempt DSEs. . . _____ |
| Line 3: Subtract line 2 from line 1 and enter here. This is the total number of DSEs for this subscriber group subject tot the surcharge computation _____ | Line 3: Subtract line 2 from line 1 and enter here. This is the total number of DSEs for this subscriber group subject to the surcharge computation _____ |
| SYNDICATED EXCLUSIVITY SURCHARGE Third Group \$ _____ | SYNDICATED EXCLUSIVITY SURCHARGE Fourth Group \$ _____ |

SYNDICATED EXCLUSIVITY SURCHARGE: Add the surcharge for each subscriber group as shown in the boxes above. Enter here and in block 4, line 2 of space L (page 7) \$ _____

**IF YOU ARE FILING FOR A PRIOR ACCOUNTING PERIOD,
CONTACT THE LICENSING DIVISION FOR THE CORRECT FORM.**

USE THIS FORM WHEN:

- You are the owner (or represent the owner) of a cable system; and
- You are filing the semiannual Statement of Account required by the copyright law; and
- Your system's semiannual "gross receipts for secondary transmissions" (the figure you give in space K of the form) is **\$379,600 or more**; and
- You are also depositing the required semiannual royalty fee with the Licensing Division of the Copyright Office.

**IF YOUR FIGURE FOR SEMIANNUAL "GROSS RECEIPTS" IN SPACE K IS LESS THAN \$379,600:
USE SA1-2 (SHORT FORM)**

GENERAL INSTRUCTIONS FOR SA3 (LONG FORM)

CABLE SYSTEMS AND THE COPYRIGHT LAW (P.L. 94-553)

Cable systems are subject to copyright liability for their use of copyrighted material in "secondary transmissions" (the retransmission of television and radio broadcasts to subscribers). Cable retransmissions of copyrighted programming are subject to a system of "statutory licensing." Among other things this means that twice a year the owner of a cable system must send a Statement of Account, together with a royalty fee, to the Licensing Division of the Copyright Office.

"Primary Transmissions" and "Secondary Transmissions"

In providing copyright liability for cable systems, the law draws a distinction between "primary transmissions" and "secondary transmissions":

- **"Primary Transmissions"**: These include broadcasts by radio and television stations to the public that are retransmitted by cable systems to their subscribers.
- **"Secondary Transmissions"**: This is the basic service of retransmitting television and radio broadcasts to subscribers. The statute requires all U.S. cable systems, regardless of how many subscribers they have or whether they are carrying any distant signals, to pay some copyright royalties. However, instead of obliging cable systems to bargain individually for each copyrighted program they retransmit, the law offers them the opportunity of obtaining a "statutory license" for secondary transmissions.

Note: "Secondary transmissions" do not include transmissions originated by a cable system (including local origination cablecasting, pay cable, program services, background music services, and originations on leased or access channels). Cable systems must negotiate for the use of any copyrighted material in the programming they originate, and their originations are not subject to compulsory licensing.

HOW TO FILE THE STATEMENT OF ACCOUNT AND ROYALTY FEE

- First:** Study the general information on these pages and read through the detailed instructions in the Statement of Account form itself. Before you start completing the form, make sure that you have collected all of the necessary information and that you are using the right form.
 - Second:** Fill out the Statement of Account form, giving all of the required information about your cable system and about the television and radio stations carried by it. Use a typewriter, or print the information in black ink. If you need more space, use one or more Continuation Sheets.
 - Third:** Certify the Statement of Account by signing at space O. The Statement of Account is not acceptable unless it bears the original handwritten signature of one of the persons indicated in space O as authorized to certify it under Copyright Office Regulations.
 - Fourth:** Make an **electronic payment** (see **Note** below) or obtain a **certified check, cashier's check or money order** in the amount you have calculated in space L, to cover the copyright royalty fee. Payment in any other form (such as personal or company checks) **will be returned**. The remittance should be payable to: Register of Copyrights. Do not send cash. We recommend electronic payments.
 - Fifth:** Send the completed Statement of Account, together with all Continuation Sheets, the DSE Schedule if required, and the copyright royalty fee, to: Library of Congress, Copyright Office, Licensing Division, 101 Independence Ave., S.E., Washington, D.C. 20557-6400. Deliveries to LM-458 (8:30 a.m. to 5:00 p.m.).
 - Sixth:** The Copyright Office will retain your Statement of Account and make it a part of our public records. You should therefore keep a copy of the entire Statement, as filed, in case you need it for future reference.
- Note:** For detailed instructions concerning electronic payments, contact the Licensing Division for **Circular 74** which

is also available via the Internet at the following addresses:
World Wide Web: www.loc.gov/copyright/carp;
Telnet: locis.loc.gov.

HOW THE “STATUTORY LICENSE” WORKS

In general, having a compulsory license means that a cable system can retransmit broadcast programming without violating the copyright law, as long as it complies with certain paperwork requirements and, twice a year, deposits a royalty fee with the Copyright Office.

- The cable system can, without negotiated licenses or advance permission from copyright owners, retransmit signals of any U.S. television or radio stations that it is authorized to carry under FCC rules, regulations, or authorizations (plus Mexican or Canadian Stations in certain cases); and
- The cable system must file Statements of Account with the Copyright Office and must also deposit a semiannual royalty. The amount of the royalty, which is established under a statutory formula, depends on the total of the system’s gross receipts for secondary transmission service.
- Every six months the cable system must send the Copyright Office a Statement of Account on this form, SA3 (Long Form), or on SA1-2 (Short Form) (if the system’s “gross receipts” for the accounting period are less than \$379,600).
- Each semiannual Statement of Account must be accompanied by the deposit of a royalty fee covering retransmissions during the preceding six months in the form of an electronic payment or a certified check, cashier’s check or money order payable to: Register of Copyrights.

Why Having a Statutory License Is Important

Most television and radio broadcasts contain copyrighted material. Without a statutory license, a cable system would either have to negotiate licenses for all copyrighted programming it retransmits or run the risk of substantial civil (or, in some cases, criminal) liability for multiple acts of copyright infringement.

Who Can Utilize the Statutory License

Under the statute and Copyright Office Regulations, retransmissions are subject to statutory licensing only if they are made by “cable systems”.

“Cable system”: A “cable system” is defined as “a facility, located in any State, Territory, Trust Territory, or Possession, that in whole or in part receives signals transmitted or programs broadcast by one or more television broadcast stations licensed by the Federal Communications Commission, and makes secondary transmissions of such signals or programs by wires, cables, microwave, or other communications channels to subscribing members of the public who pay for such service.” A system that meets this definition is considered a “cable system” for copyright purposes, even if the FCC excludes it from being

considered a “cable system” because of the number or nature of its subscribers or the nature of its secondary transmissions.

“Individual” cable system: An “individual” cable system is defined generally as “each cable system recognized as a distinct entity under the rules, regulations, and practices of the Federal Communications Commission....” In addition, two or more cable facilities are considered as one “individual” cable system if either: (A) the facilities are in contiguous communities and are under common ownership or control; or (B) the facilities operate from one headend. Thus, even if they are owned by different entities, two cable facilities will be considered as one “individual” cable system if they share a common headend

WHAT A STATUTORY LICENSE DOES NOT PERMIT YOU TO DO

The statutory authority given to cable systems to retransmit television and radio broadcasts under a statutory license is limited in several ways:

- **Originations.** To repeat: a cable system’s compulsory license extends only to secondary transmissions (retransmissions). It does not permit the system to make any originations of copyrighted material without a negotiated license covering that material.
- **Nonsimultaneous Retransmissions.** In general, to be subject to statutory licensing under the copyright law, a cable retransmission must be simultaneous with the broadcast being carried. As a rule, taping or other recording of the program is not permitted. Taping for delayed retransmission is permissible only for some (not all) cable systems located outside the 48 contiguous States; and, even in these exceptional cases, there are further limitations and conditions that the cable system must meet.
- **FCC Violations.** The broadcast signals that a cable system can carry under a statutory license are limited to those that it is permitted to carry under FCC rules, regulations, and authorizations. If signal carriage is in violation of FCC requirements, the cable system may be subject under the Copyright Act to a separate action for copyright infringement for each unauthorized retransmission.
- **Foreign Signals.** In general, the copyright law does not permit a cable system to retransmit signals of foreign television and radio stations under a statutory license. The only exceptions have to do with the signals of certain Mexican and Canadian stations. Unless foreign signals fall within these exceptions, their carriage would not be authorized under a statutory license, even if permissible under FCC rules.
- **Program Alteration or Commercial Substitution.** Cable systems are not permitted to alter the content of retransmitted programs, or to change, delete, or substitute commercials or station announcements in or adjacent to programs being carried. There is only one exception: under certain circumstances, substitutions involving “commercial advertising market research” may be permitted.

Accounting Periods

The statute establishes two six-month accounting periods for purposes of computing the royalty fee and reporting the information called for in the Statement of Account. The first semiannual period runs from January through June, and the second from July through December, of each calendar year. You must use these accounting periods whether or not they coincide with the beginning or ending of your cable system's fiscal year.

Filing Dates

Cable systems are given 60 days after the close of each accounting period in which to file their Statements of Account and royalty fees. The following are the two filing dates you must observe each year.

- For the January-June accounting period: **File between July 1 and August 29, inclusive;**
- For the July-December accounting period: **File between January 1 and March 1, inclusive.**

Note: If August 29 or March 1 falls on a weekend or Federal holiday, statements of account and royalty fees may be filed on the next succeeding business day.

Statements of Account and royalty fees received before the end of the accounting period will not be accepted. Statements and fees received after the August 29 or March 1 deadlines will be accepted for whatever legal effect they may have, if any. The Copyright Office takes no position as to what this effect will be, and a cable system that files late runs a substantial risk.

Refunds

Refund requests must be received within sixty days after the close of the filing period (by April 30 or October 28). Also, refund requests for late and amended payments must be received before the expiration of 60 days from the date of receipt at the Copyright Office of the royalty payment that is the subject of the request. The Debt Collection Improvement Act of 1996 requires that refunds be made through Electronic Funds Transfer (EFT). Note: Late payments are subject to interest assessment. See page vii of the General Instructions. Contact the Licensing Division for additional information.

How Royalty Fees Are Handled

For purposes of computing the semiannual royalty fee a cable system must pay, the statute creates three brackets, depending upon the system's gross receipts from subscribers for secondary transmissions during the accounting period:

1. **Gross receipts of \$98,600 or less:** royalty fee of \$37;
2. **Gross receipts of more than \$98,600 and less than \$379,600:** royalty fee determined by a formula based on percentage of gross receipts;
3. **Gross receipts of \$379,600 or more:** royalty fee determined by a formula based on percentage of gross

receipts and on the number of distant stations carried by the system.

A cable system is required to deposit its semiannual royalty fee with the Copyright Office at the time it files each Statement of Account. Where the royalty is made by electronic payment, the related Statement of Account must be filed by the appropriate deadline accompanied with a cover letter. (**See Circular 74**). The Copyright Office transfers these fees into a special fund, which is later distributed to copyright owners as payment for the use of their works by cable systems.

PURPOSES OF THE STATEMENT OF ACCOUNT

The law requires a cable system to file Statements of Account for two purposes:

- To show the basis for the semiannual royalty fee the cable system owes under its statutory license; and
- To give the information needed to allocate royalty fees among copyright owners.

Thus, some of the information you give on your Statement of Account has nothing to do with computing your "gross receipts" or deciding the amount of your royalty fee. Nevertheless, you are required to give the additional information in order to provide the basis for the second phase of the statutory license: the distribution of fees to copyright owners.

SOME POINTS TO REMEMBER ABOUT STATUTORY LICENSES:

- As long as a cable system keeps its statutory license in force by complying with the requirements of the new copyright law, it is not obliged to negotiate individual copyright licenses for retransmission of television and radio broadcasts.
- The following are among the various ways a cable system can lose its statutory license: by failing to file the Statements of Account or royalty fees; by taping for delayed retransmission; by carrying signals in violation of FCC requirements; by carriage of certain foreign stations; and by altering programs or substituting commercials.
- Without a statutory license, a cable system can be sued by a copyright owner for the full range of civil remedies for copyright infringement, including injunctions, actual damages and profits, or statutory damages (of up to \$150,000 in cases of willful infringement). The statute also provides for criminal penalties in cases of willful infringements for commercial purposes.

WHAT FACTS THE STATEMENT OF ACCOUNT SHOULD COVER

All of the information you give in a Statement of Account must be an accurate presentation of the facts existing during the accounting period covered by that Statement (or, in certain cases, on the last day of that period).

- **Spaces D, G, H, I, and J:** List all areas served, stations carried, and certain substitute or part-time programs carried at any time during the accounting period.
- **Spaces K and M:** You should report the total of “gross receipts” attributable to the particular accounting period in space K. The figures requested in space M should be the appropriate totals of channels for the entire period.
- **Spaces B, C, E, and F:** Even if items of information concerning the owner, system, subscribers, or rates have changed during the accounting period, your Statement of Account does not need to reflect the change. Give only the facts existing on the last day of the accounting period. If there were different owners during the accounting period, only the owner on the last day of the accounting period should submit a single statement of account and royalty fee payment covering the entire accounting period.

SPACE G (Primary Transmitters: Television)

Stations Actually Carried. Make sure that space G lists all the television stations your system actually carried at any time during the accounting period (except as explained in space G of the Form). Do not list stations that were not in fact carried during that period, even if the FCC has authorized their carriage, and even if they were carried during earlier accounting periods.

Low Power Television Stations

- The Copyright Act in section 111(f) delineates the local status of a low power television station as follows: “In the case of a low power television station, as defined by the rules and regulations of the Federal Communications Commission, the ‘local service area of a primary transmitter’ comprises the area within 35 miles of the transmitter site, except that in the case of such a station located in a standard metropolitan statistical area which has one of the 50 largest populations of all standard metropolitan statistical areas (based on the 1980 decennial census of population taken by the Secretary of Commerce), the number of miles shall be 20 miles.”
- This means that a low power television station carried by a cable system within an area as defined above will be considered “local”. A low power television station should be identified as “distant” in column 4 of space G if it is carried by your cable system in whole or in part beyond the low power television station’s “local service area”.

Translator Stations

- **Translator Stations Must Be Listed.** For copyright purposes, a translator station is a “primary transmitter” not only of any programs it originally transmits but also of all

the programming it receives from its “parent” station and retransmits. Thus, if your cable system carried signals emanating from a translator station, you must list the translator station in space G. And, if your system separately carried signals from both a translator station and its “parent” station, both the translator and the parent station should be identified.

- **Type of Translator Station.** For any translator station listed in space G, the “type of station” indicated in column 3 should be that of the parent station.
- **When Translator Stations Are “Distant Stations.”** As explained below in these General Instructions for space G, a television station is considered a “distant station” if the cable system is carrying the station wholly or partly beyond that station’s “local service area.” The determination of whether a translator station should be identified as “distant” in column 4 of space G depends on the “local service area” of the translator, not that of the parent station.

Definitions of Types of Stations: Under the Copyright Act, the terms used in connection with column 3 of space G mean the following:

- **Network station:** “a television broadcast station that is owned or operated by, or affiliated with, one or more of the television networks in the United States providing nationwide transmissions, and that transmits a substantial part of the programming supplied by such networks for a substantial part of the station’s typical broadcast day.”
- **Independent station:** a commercial television broadcast station other than a network station. For purposes of determining a station’s type value this category includes all specialty, Canadian and Mexican stations.
- **Noncommercial educational station:** a television station that either: (1) is licensed by the FCC as a non-commercial educational broadcast station and is owned and operated by a public agency or nonprofit private foundation, corporation, or association; or (2) is owned and operated by a municipality and transmits only noncommercial programs for educational purposes.

“Distant Station”: A television station should be identified as “distant” in column 4 if it is carried by your cable system in whole or in part beyond that station’s “local service area.” A television station’s “local service area” is the area within which the station “is entitled to insist upon its signal being retransmitted by a cable system pursuant to rules, regulations, and authorizations of the Federal Communications Commission in effect on April 15, 1976. Effective July 1, 1994, a station’s “local service area” also includes the station’s television market as defined in section 76.55(e) of title 47, Code of Federal Regulations (as in effect on September 18, 1993), or any modifications to such television market made, on or after September 18, 1993, pursuant to section 76.55(e) or 76.59 of title 47 of the Code of Federal Regulations.”

Basis of Carriage of Distant Stations: In column 5 of space G you are asked to identify the basis on which you carried the signals of distant television stations during the accounting period. The **two** categories are as follows:

“LAC” Part-time carriage because of lack of activated channel capacity. In referring to this category, the Copyright Act speaks of “a station carried on a part-time basis where full-time carriage is not possible because the cable system lacks the activated channel capacity to retransmit on a full-time basis all signals which it is authorized to carry.” A cable system can only claim lack of activated channel capacity (LAC) in column 5, space G if (A) all of its activated television channels are used exclusively for the secondary transmission of television signals; and (B) the number of primary television transmitters secondarily transmitted by the cable system exceeds the number of its activated television channels.

“O” Any other basis of carriage. This category covers all distant television stations you carried, including full-time stations, **except:**

- those identified in category “LAC” above;
- those carried only on a substitute basis (see General Instructions regarding the use of space I); and
- those carried only on a part-time network basis under former FCC rules cited in space G of the Form.

THREE POINTS TO REMEMBER IN CONNECTION WITH COLUMN 5 OF SPACE G:

1. Due to changes in FCC rules, it is no longer possible for cable systems to specify part-time carriage of specialty and late-night programming. Carriage by your cable system on either of those bases must now be included in category “O” cited above.
2. The “basis of carriage” to be identified in column 5 does not include **substitute carriage**. If a station was carried **only** on a substitute basis, you need not list it in space G but you must list it in space I. A station carried on a substitute basis, **and** also on some other basis, must be logged in space G and space I.
3. A part-time carriage log (space J) must be provided for stations carried on a “LAC” basis.

SPACE H (Primary Transmitters: Radio)

All-Band Carriage. If your system carried FM radio stations on an all-band basis, you are not required to list every station that subscribers might possibly have received during the accounting period. Instead, Copyright Office Regulations require you to monitor your FM transmission service at your system’s headend from time to time during the accounting period and to report the “generally receivable” FM stations identified as a result of your monitoring.

Stations “Generally Receivable.” There are two standards for determining whether an FM station is “generally receivable”:

1. Is the station usually carried whenever it is received at your system’s headend; and
2. Can the station be expected to be received at the head-end, with your system’s FM antenna, “at least three consecutive hours each day at the same time each day, five or more days a week, for four or more weeks during any calendar quarter, with a strength of not less than fifty microvolts per meter measured at the foot of the tower or pole to which the antenna is attached”?

The monitoring arrangements you set up should be aimed at determining what stations can reasonably be expected to meet these standards.

Monitoring Activities. It is not necessary to monitor continuously throughout the accounting period, and you are not required to make precise measurements to determine which stations in fact meet the technical standards and which do not. Your monitoring activities should take place periodically at your headend during the accounting period and you should use a good FM receiver.

SPACE I (Substitute Carriage: Special Statement and Program Log)

Substitute Programs Must Be Logged and Reported.

The Copyright Act requires all cable systems to submit, with their Statement of Account, “logs showing the times, dates, stations, and programs” involved in “any nonnetwork television programming that was carried in whole or in part beyond the local service area of the primary transmitter, under rules, regulations, or authorizations of the Federal Communications Commission permitting the substitution or addition of signals under certain circumstances.” The applicable present and former rules and regulations are identified in item 3 which follows.

What Programs Must Be Listed. You must list a program in space I if all three of the following conditions apply:

1. **The program is a “nonnetwork television program.”** A “nonnetwork television program” is a program that was not being broadcast by a station as part of a network television broadcast at the time the cable system carried it.
2. **The program is picked up from a “distant station.”** A “distant station” is a television station carried by a cable system in whole or in part beyond that station’s “local service area.” For the definition of “local service area,” see the “Distant Station” section on page (iv) of the General Instructions.
3. **The program was carried by the cable system in substitution for another program under FCC rules,**

regulations, or authorizations:

- Where FCC rules and regulations in effect on the date of carriage require the deletion of certain programming of one station and permit substitution of programming from another distant station. That is, if a cable system is required to delete a station because of FCC program or sports exclusivity rules.
- Where the FCC rules, regulations and authorizations in effect on October 19, 1976, permit a cable system at its option, to delete programming, and authorize the system to substitute programming from another distant station. That is, if the cable system elects to delete a distant station while that station is broadcasting a program primarily of local interest to the distant community, for copyright purposes former FCC rules sections 76.61(b)(2) and 76.63 (incorporating 76.61(b)(2)) continue to authorize the station to substitute the programming of any other distant station.

NOTES:

- 1) The provisions of the Copyright Act dealing with voluntary deletion and substitution of programs are limited to programs substituted under FCC rules, regulations, and authorizations **in effect on October 19, 1976.**
- 2) Effective January 1, 1990, the FCC amended Parts 73 and 76 of its rules relating to program exclusivity in the cable and broadcast industries.

THERE ARE TWO DIFFERENT LOGS IN SA3 (LONG FORM):

- **The Log of Substitute Programs (block 2 of space I); and**
 - **The Part-Time Carriage Log (space J).**
- DO NOT CONFUSE THESE TWO LOGS. THEY DO NOT OVERLAP, AND THEY SHOULD BE COMPLETED SEPARATELY.**

SPACE K (Gross Receipts)

What Are “Gross Receipts.” The “gross receipts” you enter in space K are the receipts for the “basic service of providing secondary transmissions of primary broadcast transmitters.” **They include the full amount of monthly (or other periodic) service fees for any and all services or tiers of services which include one or more secondary transmissions of television or radio broadcast signals, for additional set fees, and for converter fees.** All such gross receipts shall be aggregated and the DSE calculations shall be made against the aggregated amount. Gross receipts for secondary transmission services do not include installation (including connection, relocation, disconnection or reconnection) fees, separate charges for security, alarm or facsimile services, charges for late payments, or charges for pay cable or other program origination services: Provided that, the origination services are not offered in combination with secondary transmission service for a single fee.

“SATELLITE CARRIER” GROSS RECEIPTS EXCLUSION

- The “Satellite Home Viewer Act of 1988,” Public Law 100-667, as amended by the “Satellite Home Viewer Act of 1994,” Public Law 103-369, and Public Law 106-113, establishes a statutory license for certain secondary transmissions made by satellite carriers to satellite “dish” owners for private home viewing. Satellite carriers are subject to copyright liability for their use of copyrighted material when they make secondary “transmissions” (re-transmissions of television broadcasts) to satellite dish owners and they make a direct or indirect charge for that service. Satellite carrier retransmissions of the copyrighted programming embodied in the signals of superstations or network stations are eligible under an operational system of statutory licensing, that is established in section 119 of the Copyright Act.
- A “**satellite carrier**” is defined in the Satellite Home Viewer Improvement Act of 1999 as “an entity that uses the facilities of a satellite or satellite service licensed by the Federal Communications Commission, and operates in the Fixed-Satellite Service under part 25 of title 47 of the Code of Federal Regulations or the Direct Broadcast Satellite Service under part 100 of title 47 of the Code of Federal Regulations, to establish and operate a channel of communications for point-to-multipoint distribution of television station signals, and that owns or leases a capacity or service on a satellite in order to provide such point-to-multipoint distribution, except to the extent that such entity provide such distribution pursuant to tariff under the Communications Act of 1934, other than for private home viewing.”
- As provided in the Satellite Home Viewer Act [amendment of section 111(d)(1)(A)], any amounts collected by a cable system/distributor from subscribers should be excluded from the cable system’s determination of gross receipts received for the basic service of providing secondary transmissions of primary broadcast transmitters pursuant to the cable compulsory license, section 111 (c) to (f). This provision contemplates the situation where the same entity may be offering both satellites and cable distribution of secondary transmissions of primary broadcast transmitters.
- If a cable system offers both satellite and cable services to satellite dish owners, then it may exclude those amounts attributed to the satellite service under section 119 of the Act. Such a system should declare on page 9, the amount of “gross receipts” that are excluded for this service, and list the name and address of each satellite carrier in which the system has contracted as a distributor or agent to market the carrier’s retransmissions service. The system should also maintain separate records of the subscriber fees received for satellite carrier retransmissions.

Accrual Basis: If your revenue accounts are kept on an accrual basis, the figure you give in space K should be the total of all gross receipts for “secondary transmission

service” accrued for the accounting period. Subtract bad debts actually written off during the period, and add previously written-off debts that were actually recovered during the period. (However, do not make adjustments for bad debts for “secondary transmission service” furnished before January 1, 1978.)

Cash Basis: If your revenue accounts are kept on a cash basis, your “gross receipts” are all amounts actually received during the accounting period for “secondary transmission service.”

SPACE L (Copyright Royalty Fee)

The method for calculating your royalty fee depends upon whether your system carried any distant stations and, if so, the number you carried. If the system did not carry any distant stations you pay a Minimum Fee, which is calculated in space L.

If the system carried any distant stations, you must compute “distant signal equivalents” (“DSEs”) in parts 1 through 5 of the DSE Schedule accompanying this form. Each cable system regardless of whether or not it is located in a television market area must compute a “Base Rate Fee” if it carried any distant stations. This figure is computed in part 8 of the DSE Schedule, and is entered in block 3 of space L. (NOTE: Unless the system is located totally outside of all television markets part 8 cannot be completed until parts 6 and 7 have been completed.) If any portion of the cable system is located within a television market area as defined by the FCC and that system carried any non-permitted distant television stations, then you must compute the “3.75 Fee” in part 6 of the DSE Schedule. This figure is to be entered on line 2, block 3 of space L. The Base Rate Fee and the 3.75% Fee are then added together and the sum compared to the Minimum Fee. Either the Minimum Fee or the sum of the Base Rate Fee and the 3.75% Fee (whichever is greater) is listed on line 1, Block 4.

Additionally, if any portion of the cable system is located within a top 100 major market area as defined by the FCC and that system carried any distant stations, then you may

need to compute the “Syndicated Exclusivity Surcharge” in part 7 of the DSE Schedule. This figure is to be entered on line 2, block 4 of space L. The total copyright royalty fee due is computed in block 4 of space L by adding together: 1) the Minimum Fee or the sum of the Base Rate Fee/3.75% Fee (whichever is greater), 2) the Syndicated Exclusivity Surcharge, and 3) the Interest Charge.

Rounding Off DSEs. In computing DSEs on the DSE Schedule, you may round off to no less than the third decimal point. If you round off a DSE in any case, you must round off DSEs throughout the Schedule as follows:

- When the fourth decimal point is 1, 2, 3 or 4 the third decimal remains unchanged--(example: .34647 is rounded to .346)
- When the fourth decimal point is 5, 6, 7, 8 or 9 the third decimal is rounded up—(example: .34651 is rounded to .347)

Interest Charges For Underpayments and Late Payments

Underpayments or late payments received after the filing deadline shall be subject to an interest assessment. Cable systems must calculate their own interest charge. (A worksheet is provided at space Q, page 9.) The interest rate set for a specific accounting period is the U.S. Treasury Current Value of Funds Rate in effect on the first business day after the close of the filing deadline for that accounting period. Cable systems may obtain the interest rate for the applicable accounting period(s) by contacting the Licensing Division 202-707-8150.

For underpayments and late payments the interest shall begin to accrue on the first day after the close of the filing date for that accounting period. For a late payment the accrual period ends on the date that the Statement of Account and proper form of payment are received in the Copyright Office. For underpayments the accrual period ends on the date appearing on the certified check, cashier’s check, money order, or electronic payment, provided that the remittance is received in the Copyright Office within five business days of that date. **Note:** The Office shall not require, nor notify a cable system of, an interest charge of \$5.00 or less.

PRIVACY ACT ADVISORY STATEMENT—Required by Privacy Act of 1974 (Public Law 93-579)

Authority for Requesting This Information:

- Title 17, U.S.C. § 111

Furnishing This Information is:

- Voluntary

But If the Information is Not Furnished:

- It may be necessary to delay placement of this Statement of Account in the completed record of Statements of Account.

● You may be liable for civil or criminal penalties for copyright infringement with respect to retransmission of television and radio stations (17 U.S.C. §§502-506, 509-510)

Principal Uses of Requested Information:

- Establishment and maintenance of a public record.

● Examination of the Statement of Account for compliance with legal requirement

Other Routine Uses:

- Public inspection and copying
- Preparation of public indexes
- Preparation of search reports upon request

Note:

- No other advisory statement will be given you in connection with this Statement of Account
- Please retain a copy of this statement and refer to it if we communicate with you regarding this Statement of Account