

THIS FORM IS EFFECTIVE FOR ACCOUNTING PERIODS BEGINNING JANUARY 1, 2015
 If you are filing for a prior accounting period, contact the Licensing Division for the correct form.

**SA3
 Long Form**

Return to:
 Library of Congress
 Copyright Office
 Licensing Division
 101 Independence Ave. SE
 Washington, DC 20557-6400
 (202) 707-8150

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

General instructions are at the
 end of this form [pages i-viii].

FOR COPYRIGHT OFFICE USE ONLY	
DATE RECEIVED	AMOUNT
02/20/2019	\$
	ALLOCATION NUMBER

For courier deliveries,
 see page ii of the general
 instructions.

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 checked="" type="checkbox"/> July 1–December 31 2018 (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. <i>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.</i> <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. <u>61738</u>	
	1	LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC 61738
	2	BUSINESS NAME(S) OF OWNER OF CABLE SYSTEM (IF DIFFERENT): Vast Broadband
	3	MAILING ADDRESS OF OWNER OF CABLE SYSTEM: 912 S. Main Street, Suite 106 (Number, street, rural route, apartment, or suite number) Sikeston, MO 63801 (City, town, state, zip)

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: For complete space D instructions, see page 1b. Identify only the first community served below and relist on page 1b with all communities.			
	CITY OR TOWN		STATE	
First ► Community	Rapid City		SD	
	Below is a sample for reporting communities if you report multiple channel line-ups in Space G.			
Sample ►	CITY OR TOWN (SAMPLE)	STATE	CH LINE UP	SUB GRP#
	Alda	MD	A	1
	Alliance	MD	B	2
	Gering	MD	B	3

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Name	LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC	61738
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E Secondary Transmission Service: Sub- scribers and Rates	<p>SECONDARY TRANSMISSION SERVICE: SUBSCRIBERS AND RATES</p> <p>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).</p> <p>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).</p> <p>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: "\$20/mth"). Summarize any standard rate variations within a particular rate category, but do not include discounts allowed for advance payment.</p> <p>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)."</p> <p>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 that 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.</p>					
	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)	9,278	\$33.00				
Motel, hotel	516	\$3.00				
Commercial	483	\$33.00				
Converter • Residential • Non-residential						

F Services Other Than Secondary Transmissions: Rates	<p>SERVICES OTHER THAN SECONDARY TRANSMISSIONS: RATES</p> <p>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 or (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.</p> <p>Block 1: Give the standard rate charged by the cable system for each of the applicable services listed.</p> <p>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.</p>					
	BLOCK 1			BLOCK 2		
	CATEGORY OF SERVICE	RATE	CATEGORY OF SERVICE	RATE	CATEGORY OF SERVICE	RATE
Continuing Services: • Pay cable • Pay cable—add'l channel • Fire protection • Burglar protection	\$17.00 \$18.00	Installation: Non-residential • Motel, hotel • Commercial • Pay cable • Pay cable—add'l channel • Fire protection • Burglar protection		Expanded Basic Digital Basic Sports Pak	\$56.99 \$20.99 \$11.99	
Installation: Residential • First set • Additional set(s) • FM radio (if separate rate) • Converter	\$50.00	Other services: • Reconnect • Disconnect • Outlet relocation • Move to new address	55.00 60.00 30.00			

LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC	061738	Name
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PRIMARY TRANSMITTERS: TELEVISION

In General: In space G, identify every television station (including translator stations and low power television stations) carried by your cable system during the accounting period, *except* (1) stations carried only on a part-time basis under FCC rules and regulations in effect on June 24, 1981, permitting the carriage of certain network programs [sections 76.59(d)(2) and (4), 76.61(e)(2) and (4), or 76.63 (referring to 76.61(e)(2) and (4))]; and (2) certain stations carried on a substitute program basis, as explained in the next paragraph.

Substitute Basis Stations: With respect to any distant stations carried by your cable system on a substitute program basis under specific FCC rules, regulations, or authorizations:

- Do *not* list the station here in space G—but *do* list it in space I (the Special Statement and Program Log)—if the station was carried *only* on a substitute basis.
- List the station here, and also in space I, if the station was carried both on a substitute basis and also on some other basis. For further information concerning substitute basis stations, see page (v) of the general instructions.

Column 1: List each station’s call sign. Do *not* report origination program services such as HBO, ESPN, etc. Identify each multicast stream associated with a station according to its over-the-air designation. For example, report multi-cast stream as “WETA-2”. Simulcast streams must be reported in column 1 (list each stream separately; for example WETA-simulcast).

Column 2: Give the channel number the FCC has assigned to the television station for broadcasting over-the-air in its community of license. For example, WRC is Channel 4 in Washington, D.C. This may be different from the channel on which your cable system carried the station.

Column 3: Indicate in each case whether the station is a network station, an independent station, or a noncommercial educational station, by entering the letter “N” (for network), “N-M” (for network multicast), “I” (for independent), “I-M” (for independent multicast), “E” (for noncommercial educational), or “E-M” (for noncommercial educational multicast). For the meaning of these terms, see page (v) of the general instructions.

Column 4: If the station is outside the local service area, (i.e. “distant”), enter “Yes”. If not, enter “No”. For an explanation of local service area, see page (v) of the general instructions.

Column 5: If you have entered “Yes” in column 4, you must complete column 5, stating the basis on which your cable system carried the distant station during the accounting period. Indicate by entering “LAC” if your cable system carried the distant station on a part-time basis because of lack of activated channel capacity.

For the retransmission of a distant multicast stream that is not subject to a royalty payment because it is the subject of a written agreement entered into on or before June 30, 2009, between a cable system or an association representing the cable system and a primary transmitter or an association representing the primary transmitter, enter the designation “E” (exempt). For simulcasts, also enter “E”. If you carried the channel on any other basis, enter “O.” For a further explanation of these three categories, see page (v) of the general instructions.



Column 6: Give the location of each station. For U.S. stations, list the community to which the station is licensed by the FCC. For Mexican or Canadian stations, if any, give the name of the community with which the station is identified.

Note: If you are utilizing multiple channel line-ups, use a separate space G for each channel line-up.

G
Primary Transmitters: Television

1. CALL SIGN	2. B'CAST CHANNEL NUMBER	3. TYPE OF STATION	4. DISTANT? (Yes or No)	5. BASIS OF CARRIAGE (If Distant)	6. LOCATION OF STATION
KBHE	26	E	Partial	O	Rapid City, SD
KBHE-DT2	26.2	E-M	Partial	O	Rapid City, SD
KBHE-DT3	26.3	E-M	Partial	O	Rapid City, SD
KCLO	16	N	No		Rapid City, SD
KEVN-LD	23	N	No		Rapid City, SD
KNBN	21	N	No		Rapid City, SD
KNBN-DT2	21.2	I-M	No		Rapid City, SD
KOTA	7	N	No		Rapid City, SD
KHME	2	I	No		Rapid City, SD
KNBN-DT3	21.3	I-M	No		Rapid City, SD
KHME-DT2	2.2	I-M	No		Rapid City, SD
KCLO-DT2	16.2	I-M	No		Rapid City, SD

LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC	61738	Name
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 (vii) of the general instructions. Gross receipts from subscribers for secondary transmission service(s) during the accounting period.		K Gross Receipts
IMPORTANT: You must complete a statement in space P concerning gross receipts.		\$ 2,145,939.70 (Amount of gross receipts)
COPYRIGHT ROYALTY AND FILING FEES Instructions: Use the blocks in this space L to determine the royalty fee you owe: <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. ▶ 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. ▶ 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. ▶ 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.		L Copyright Royalty Fee
Block 1	MINIMUM FEE: All cable systems with semiannual gross receipts of \$527,600 or more are required to pay at least the minimum fee, regardless of whether they carried any distant stations. This fee is 1.064 percent of the system's gross receipts for the accounting period. <p style="text-align: right; margin-right: 50px;">2,145,939.70</p> Line 1. Enter the amount of gross receipts from space K.	Line 2. Multiply the amount in line 1 by 0.01064 Enter the result here. This is your minimum fee.
\$ 22,832.80		
Block 2	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. <ul style="list-style-type: none"> • Did your cable system carry any distant television stations during the accounting period? <input checked="" type="checkbox"/> Yes—Complete the DSE schedule. <input type="checkbox"/> No—Leave block 3 below blank and complete line 1, block 4. 	
Block 3	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.	\$ 989.40
	Line 2. 3.75 Fee: Enter the total fee from line 7, block C, part 6 of the DSE schedule. If none, enter zero.	\$ 0.00
	Line 3. Add lines 1 and 2 and enter here.	\$ 989.40
Block 4	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.	\$ 22,832.80
	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.	\$ 0.00
	Line 3. INTEREST CHARGE: Enter the amount from line 4, space Q, page 9 (Interest Worksheet).	\$ 0.00
	Line 4. FILING FEE:	\$ 725.00
	TOTAL ROYALTY AND FILING FEES PAYABLE FOR ACCOUNTING PERIOD. Add Lines 1, 2, 3 and 4 of block 4 and enter total here.	\$ 23,557.80
Remit this amount via <i>electronic payment</i> payable to <i>Register of Copyrights</i> . (See page (i) of the general instructions for more information.)		
		Cable systems submitting additional deposits under Section 111(d)(7) should contact the Licensing Division for the appropriate form for submitting the additional fees.

Name	LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC	Name	61738
M Channels	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.		
	1. Enter the total number of channels on which the cable system carried television broadcast stations	12	
	2. Enter the total number of activated channels on which the cable system carried television broadcast stations and nonbroadcast services	252	
N Individual to Be Contacted for Further Information	INDIVIDUAL TO BE CONTACTED IF FURTHER INFORMATION IS NEEDED: (Identify an individual we can contact about this statement of account.)		
	Name <u>Bruce Beard, Cinnamon Mueller</u>	Telephone <u>314- 462-9000</u> <small>(Area code)</small>	
	Address <u>1714 Deer Track Trail, Suite 230</u> <small>(Number, street, rural route, apartment, or suite number)</small>		
	<u>St. Louis, MO 63131</u> <small>(City, town, state, zip)</small>		
	Email (optional) <u>bbeard@cinnamonmueller.com</u>	Fax (optional)	
O Certification	CERTIFICATION (This statement of account must be certified and signed in accordance with Copyright Office regulations, as explained in the general instructions.)		
	• I, the undersigned, hereby certify that (Check one, <i>but only one</i> , of the boxes.)		
	<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		
	<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		
	<input checked="" 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.		
	• 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. sec. 1001]		
		Handwritten signature: <u></u>	
	Typed or printed name: <u>James Gleason</u>		
	Title: <u>Chief Executive Officer</u> <small>(Title of official position held in corporation or partnership)</small>		
	Date: <u>February 19</u> 2019		

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LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC	61738	Name
SPECIAL STATEMENT CONCERNING GROSS RECEIPTS EXCLUSIONS 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 pursuant to section 119." For more information on when to exclude these amounts, see the note on page (vii) 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 dish owners? <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES. Enter the total here and list the satellite carrier(s) below. \$ _____		P Special Statement Concerning Gross Receipts Exclusions
Name _____ Mailing address _____ _____ _____	Name _____ Mailing address _____ _____ _____	
INTEREST ASSESSMENT 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 (viii) of the general instructions. Line 1 Enter the amount of late payment or underpayment \$ _____ <div style="text-align: right; margin-left: 500px;">x _____ %</div> Line 2 Multiply line 1 by the interest rate* and enter the sum here _____ <div style="text-align: right; margin-left: 500px;">x _____ days</div> Line 3 Multiply line 2 by the number of days late and enter the sum here _____ <div style="text-align: right; margin-left: 500px;">x 0.00274</div> Line 4 Multiply line 3 by 0.00274** enter here and on line 3, block 4, space L, (page 7) \$ _____ <div style="text-align: right; margin-left: 500px;">(interest charge)</div> <p style="font-size: small;">* To view the interest rate chart click on www.copyright.gov/licensing/interest-rate.pdf. For further assistance please contact the Licensing Division at (202) 707-8150 or licensing@loc.gov.</p> <p style="font-size: small;">** This is the decimal equivalent of 1/365, which is the interest assessment for one day late.</p> <p style="font-size: small;">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, accounting period, and ID number as given in the original filing.</p> Owner _____ Address _____ _____ First community served _____ Accounting period _____ ID number _____		Q Interest Assessment

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INSTRUCTIONS FOR DSE SCHEDULE

WHAT IS A "DSE"

The term "distant signal equivalent" (DSE) generally 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. For the full definition, see page (v) of the General Instructions.

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.....0.25
- **Noncommercial educational:** its type-value is.....0.25

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 Surcharge. **Note:** Distant multicast streams are not subject to the 3.75 fee or the Syndicated Exclusivity Surcharge. Distant simulcast streams are not subject to any royalty payment.

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 that would have been subject to the FCC's syndicated exclusivity rules in effect on June 24, 1981.

The Minimum Fee/Base Rate Fee/3.75 Percent Fee. All cable systems filing SA3 (Long Form) must pay at least the minimum fee, which is 1.064 percent of gross receipts. The cable system pays either the minimum fee or the sum of the base rate fee and the 3.75 percent 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 percent 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, non-commercial 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 76.7.63 (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 part-time and/or substitute basis only, that fraction of the current DSE represented by prior carriage.

NOTE: If your cable system carried a station that 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 percent 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 percent 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 PERCENT 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 percent 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 percent rate. Multiply these DSEs by gross receipts by .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 regulations 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 are commercial VHF stations and place 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	1.064% of gross receipts
Each of the second, third, and fourth DSEs	0.701% of gross receipts
The fifth and each additional DSE	0.330% 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:

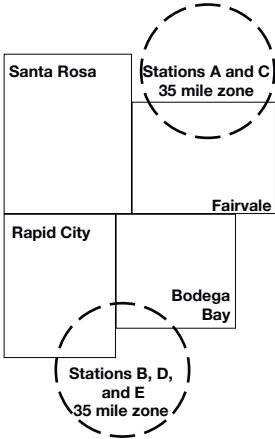
- When the fourth decimal point is 1, 2, 3, or 4, the third decimal remains unchanged (example: .34647 is rounded to .346).
- When the fourth decimal point is 5, 6, 7, 8, or 9, the third decimal is rounded up (example: .34651 is rounded to .347).

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	CITY	
A (independent) 1.0	OUTSIDE LOCAL SERVICE AREA OF	\$310,000.00
B (independent) 1.0	Santa Rosa	100,000.00
C (part-time) 0.083	Rapid City	70,000.00
D (part-time) 0.139	Bodega Bay	120,000.00
E (network) 0.25	Fairvale	120,000.00
TOTAL DSEs 2.472	TOTAL GROSS RECEIPTS	\$600,000.00

Minimum Fee Total Gross Receipts	\$600,000.00
	x .01064
	<u>\$6,384.00</u>

First Subscriber Group (Santa Rosa)	Second Subscriber Group (Rapid City and Bodega Bay)	Third Subscriber Group (Fairvale)
Gross receipts \$310,000.00	Gross receipts \$170,000.00	Gross receipts \$120,000.00
DSEs 2.472	DSEs 1.083	DSEs 1.389
Base rate fee \$6,497.20	Base rate fee \$1,907.71	Base rate fee \$1,604.03
\$310,000 x .01064 x 1.0 = 3,298.40	\$170,000 x .01064 x 1.0 = 1,808.80	\$120,000 x .01064 x 1.0 = 1,276.80
\$310,000 x .00701 x 1.472 = 3,198.80	\$170,000 x .00701 x .083 = 98.91	\$120,000 x .00701 x .389 = 327.23
Base rate fee \$6,497.20	Base rate fee \$1,907.71	Base rate fee \$1,604.03

Total Base Rate Fee: \$6,497.20 + \$1,907.71 + \$1,604.03 = \$10,008.94
 In this example, the cable system would enter \$10,008.94 in space L, block 3, line 1 (page 7)

1	LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC	61738																								
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> </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. ▶ <input style="width: 100px; text-align: center;" type="text" value="0"/></p>		CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE																		
CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE																					

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	1.064% of gross receipts
Each of the second, third, and fourth DSEs	0.701% of gross receipts
The fifth and each additional DSE	0.330% 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:

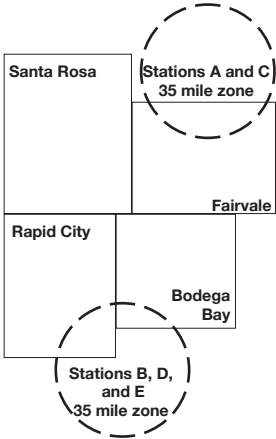
- When the fourth decimal point is 1, 2, 3, or 4, the third decimal remains unchanged (example: .34647 is rounded to .346).
- When the fourth decimal point is 5, 6, 7, 8, or 9, the third decimal is rounded up (example: .34651 is rounded to .347).

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	\$310,000.00
B (independent)	1.0	Santa Rosa	Stations A and C	100,000.00
C (part-time)	0.083	Rapid City	Stations A and C	70,000.00
D (part-time)	0.139	Bodega Bay	Stations B, D, and E	120,000.00
E (network)	0.25	Fairvale		
TOTAL DSEs	2.472		TOTAL GROSS RECEIPTS	\$600,000.00

Minimum Fee	Total Gross Receipts	\$600,000.00
		x .01064
		\$6,384.00

First Subscriber Group (Santa Rosa)		Second Subscriber Group (Rapid City and Bodega Bay)		Third Subscriber Group (Fairvale)	
Gross receipts	\$310,000.00	Gross receipts	\$170,000.00	Gross receipts	\$120,000.00
DSEs	2.472	DSEs	1.083	DSEs	1.389
Base rate fee	\$6,497.20	Base rate fee	\$1,907.71	Base rate fee	\$1,604.03
\$310,000 x .01064 x 1.0 =	3,298.40	\$170,000 x .01064 x 1.0 =	1,808.80	\$120,000 x .01064 x 1.0 =	1,276.80
\$310,000 x .00701 x 1.472 =	3,198.80	\$170,000 x .00701 x .083 =	98.91	\$120,000 x .00701 x .389 =	327.23
Base rate fee	\$6,497.20	Base rate fee	\$1,907.71	Base rate fee	\$1,604.03

Total Base Rate Fee: \$6,497.20 + \$1,907.71 + \$1,604.03 = \$10,008.94
 In this example, the cable system would enter \$10,008.94 in space L, block 3, line 1 (page 7)

1	LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC	061738																							
	<p>2</p> <p>Computation of DSEs for Category "O" Stations</p> <p>Sub Group 2: Butte County</p> <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%;"> <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>KBHE</td> <td>0.25</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>KBHE-DT2</td> <td>0.25</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>KBHE-DT3</td> <td>0.25</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. → 0.75</p>		CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE	KBHE	0.25					KBHE-DT2	0.25					KBHE-DT3	0.25			
CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE																				
KBHE	0.25																								
KBHE-DT2	0.25																								
KBHE-DT3	0.25																								

LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC	061738	Name
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Instructions: Block A must be completed.

In block A:

- If your answer if "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 if "No," complete blocks B and C below.

6

**Computation of
3.75 Fee**

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. For further explanation of permitted stations, see the instructions for the DSE Schedule. (**Note:** The letter M below refers to an exempt multicast stream as set forth in the Satellite Television Extension and Localism Act of 2010.)

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)]

M Retransmission of a distant multicast stream.

O Other

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.)

**Sub Group 2
Butte County**

1. CALL SIGN	2. PERMITTED BASIS	3. DSE	1. CALL SIGN	2. PERMITTED BASIS	3. DSE	1. CALL SIGN	2. PERMITTED BASIS	3. DSE
KBHE	C	0.25						
KBHE2	M	0.25						
KBHE3	M	0.25						

▶ 0.75

BLOCK C: COMPUTATION OF 3.75 FEE

Line 1: Enter the total number of DSEs from part 5 of this schedule▶ 0.75

Line 2: Enter the sum of permitted DSEs from block B above▶ 0.75

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).....▶ 0

Line 4: Enter gross receipts from space K (page 7)▶ \$ x 0.0375

Line 5: Multiply line 4 by 0.0375 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).....▶ \$

**Do any of the
DSEs represent
partially
permitted/
partially non-
permitted
carriage?
If yes, see part
9 instructions.**

LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC		61738	Name
BLOCK D: COMPUTATION OF THE SYNDICATED EXCLUSIVITY SURCHARGE			
Section 1	Enter the amount of gross receipts from space K (page 7)	\$ _____	7 Computation of the Syndicated Exclusivity Surcharge
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? <input type="checkbox"/> Yes—Complete section 3 below. <input type="checkbox"/> No—Complete section 4 below.			
SECTION 3: TOP 50 TELEVISION MARKET			
Section 3a	• 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.		
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 by .00599 by the DSE. Enter the result on line A below.			
A. Enter 0.00599 of gross receipts (the amount in section 1)		\$ _____	
B. Enter 0.00377 of gross receipts (the amount in section 1)		\$ _____	
C. Subtract 1.000 from total permitted DSEs (the figure on line C in section 2) and enter here		_____	
D. Multiply line B by line C and enter here		_____	
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	\$ []
Section 3b	If the figure in section 2, line C is more than 4.000, compute your surcharge here and leave section 3a blank.		
A. Enter 0.00599 of gross receipts (the amount in section 1)		\$ _____	
B. Enter 0.00377 of gross receipts (the amount in section 1)		\$ _____	
C. Multiply line B by 3.000 and enter here		\$ _____	
D. Enter 0.00178 of gross receipts (the amount in section 1)		\$ _____	
E. Subtract 4.000 from total DSEs (the figure on line C in section 2) and enter here		_____	
F. Multiply line D by line E and enter here		\$ _____	
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	\$ []
SECTION 4: SECOND 50 TELEVISION MARKET			
Section 4a	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.		
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 by 0.003 by the DSE. Enter the result on line A below.			
A. Enter 0.00300 of gross receipts (the amount in section 1)		\$ _____	
B. Enter 0.00189 of gross receipts (the amount in section 1)		\$ _____	
C. Subtract 1.000 from total permitted DSEs (the figure on line C in section 2) and enter here		_____	
D. Multiply line B by line C and enter here		\$ _____	
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	\$ []

Name	LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC 61738							
7 Computation of the Syndicated Exclusivity Surcharge	Section 4b	<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 0.00300 of gross receipts (the amount in section 1)▶ \$ _____</p> <p>B. Enter 0.00189 of gross receipts (the amount in section 1)▶ \$ _____</p> <p>C. Multiply line B by 3.000 and enter here▶ \$ _____</p> <p>D. Enter 0.00089 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>						
	8 Computation of Base Rate Fee	<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 page (v) of the general instructions.</p> <p style="text-align:center;">BLOCK A: CARRIAGE OF PARTIALLY DISTANT STATIONS</p> <p>• Did your cable system retransmit the signals of any partially distant television stations during the accounting period?</p> <p><input checked="" type="checkbox"/> Yes—Complete part 9 of this schedule. <input type="checkbox"/> No—Complete the following sections.</p> <p style="text-align:center;">BLOCK B: NO PARTIALLY DISTANT STATIONS—COMPUTATION OF BASE RATE FEE</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:10%; vertical-align:top;">Section 1</td> <td>Enter the amount of gross receipts from space K (page 7)▶ \$ _____</td> </tr> <tr> <td style="vertical-align:top;">Section 2</td> <td>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.)▶ _____</td> </tr> <tr> <td style="vertical-align:top;">Section 3</td> <td> <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 by 0.01064 by the DSE. Enter the result on line A below.</p> <p>A. Enter 0.01064 of gross receipts (the amount in section 1)▶ \$ _____</p> <p>B. Enter 0.00701 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> </td> </tr> </table>		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
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 by 0.01064 by the DSE. Enter the result on line A below.</p> <p>A. Enter 0.01064 of gross receipts (the amount in section 1)▶ \$ _____</p> <p>B. Enter 0.00701 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>							

LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC		61738	Name
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 0.01064 of gross receipts (the amount in section 1)▶ \$ _____</p> <p>B. Enter 0.00701 of gross receipts (the amount in section 1)▶ \$ _____</p> <p>C. Multiply line B by 3.000 and enter here▶ \$ _____</p> <p>D. Enter 0.00330 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>		<p>8</p> <p>Computation of Base Rate Fee</p>
<p>IMPORTANT: It is no longer necessary to report television signals on a system-wide basis. Carriage of television broadcast signals shall instead be reported on a community-by-community basis (subscriber groups) if the cable system reported multiple channel line-ups in Space G.</p> <p>In General: If any of the stations you carried were 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>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. 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>Finally: Add up the separate base rate fees for each subscriber group. That total is the base rate fee for your system.</p> <p>NOTE: If any portion of your cable system is located within the top 100 television market and the station is <i>not exempt in part 7</i>, 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 for Partially Distant Stations</p> <p>Step 1: For each community served, determine the local service area of each wholly distant and each partially distant station you carried to that community.</p> <p>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>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>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"> 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, 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 (vii) 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. 			<p>9</p> <p>Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially Distant Stations, and for Partially Permitted Stations</p>

Name	LEGAL NAME OF OWNER OF CABLE SYSTEM: Clarity Telecom, LLC 61738
	<p>Guidance for Computing the Royalty Fee for Partially Permitted/Partially Nonpermitted Signals</p> <p>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 signals. Write "Permitted Signals" at the top of the page. Note: One or more permitted signals in these subscriber groups may be partially distant.</p> <p>Step 2: Use a separate part 9, block A, to compute the 3.75 percent fee for wholly nonpermitted and partially nonpermitted distant signals. Write "Nonpermitted 3.75 stations" at the top of this page. Multiply the subscriber group gross receipts by total DSEs by .0375 and enter the grand total 3.75 percent 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.</p> <p>Step 3: Use part 9, block B, to compute a syndicated exclusivity surcharge for any wholly or partially permitted distant signals from step 1 that is subject to this surcharge.</p> <p>Guidance for Computing the Royalty Fee for Carriage of Distant and Partially Distant Multicast Streams</p> <p>Step 1: Use part 9, Block A, of the DSE Schedule to report each distant multicast stream of programming that is transmitted from a primary television broadcast signal. Only the base rate fee should be computed for each multicast stream. The 3.75 Percent Rate and Syndicated Exclusivity Surcharge are not applicable to the secondary transmission of a multicast stream.</p> <p>You must report but not assign a DSE value for the retransmission of a multicast stream that is the subject of a written agreement entered into on or before June 30, 2009 between a cable system or an association representing the cable system and a primary transmitter or an association representing the primary transmitter.</p>

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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* in Part 7, 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 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 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) \$