

**A T T E N T I O N**

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

**E F F E C T I V E O C T O B E R 1, 2 0 0 6**

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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](http://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](mailto: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](http://www.copyright.gov/circs/circ74).

## **SPECIAL NOTICE ABOUT THIS STATEMENT OF ACCOUNT**

### **IMPORTANT**

#### **New Regulation Requiring Statutory License Royalty Fee Payments via Electronic Funds Transfer**

The Copyright Office amended section 201.17 of Title 37 of the *Code of Federal Regulations* to require that all statutory license royalty fee payments be made via electronic funds transfer, effective beginning October 1, 2006. See the *Federal Register*, August 10, 2006 (71 FR 45739) available at [www.copyright.gov/fedreg/2006/71fr45739.html](http://www.copyright.gov/fedreg/2006/71fr45739.html). For detailed instructions for making royalty payments via electronic funds transfer, contact the Licensing Division of the Copyright Office for circulars 74a, 74b, and 74c, which are also available at [www.copyright.gov/circs](http://www.copyright.gov/circs).

#### **Photocopy Required**

The Copyright Office amended 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 Copyright Office, effective July 1, 2005. (See the *Federal Register*, May 26, 2005, 70 FR 30366.)

#### **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](http://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 × total DSEs × .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.

Address: *Library of Congress, Copyright Office, Licensing Division, 101 Independence Avenue SE, Washington, DC 20557-6400*

Tel: (202) 707-8150 (8:30 a.m–5:00 p.m., eastern time)

Fax: (202) 707-0905

Email: [licensing@loc.gov](mailto:licensing@loc.gov)

Web: [www.copyright.gov](http://www.copyright.gov)

**THIS FORM IS EFFECTIVE FOR ACCOUNTING PERIODS BEGINNING JULY 1, 2005**  
 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)*

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

General instructions are at the end of this form [pages i–vii].

[For courier deliveries, see page i of the general instructions]

<b>A</b> Accounting Period	<b>ACCOUNTING PERIOD COVERED BY THIS STATEMENT:</b> (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>B</b> Owner	<b>INSTRUCTIONS:</b> 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	<b>LEGAL NAME OF OWNER OF CABLE SYSTEM</b>
	2	<b>BUSINESS NAME(S) OF OWNER OF CABLE SYSTEM (IF DIFFERENT):</b>
	3	<b>MAILING ADDRESS OF OWNER OF CABLE SYSTEM:</b>  (Number, street, rural route, apartment or suite number) . . . . .  ..... (City, town, state, zip code)

<b>C</b> System	<b>INSTRUCTIONS:</b> 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	<b>IDENTIFICATION OF CABLE SYSTEM:</b>
	2	<b>MAILING ADDRESS OF CABLE SYSTEM:</b>  (Number, street, rural route, apartment or suite number) . . . . .  ..... (City, town, state, zip code)

<b>D</b> Area Served	<b>INSTRUCTIONS:</b> 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 CFR §76.5(dd). <i>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.</i>  Note: Entities and properties such as hotels, apartments, condominiums or mobile home parks should be reported in parentheses below the identified city.				
	<b>First Community</b>	CITY OR TOWN	STATE	CITY OR TOWN	STATE
	.....			.....	
	.....			.....	
	.....			.....	
	.....			.....	
	.....			.....	
	.....			.....	
	.....			.....	
	.....			.....	

LEGAL NAME OF OWNER OF CABLE SYSTEM:	<b>Name</b>
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**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
<b>Residential:</b>					
• Service to first set .....					
• Service to additional set(s) .....					
• FM radio (if separate rate) .....					
<b>Motel, hotel</b> .....					
<b>Commercial</b> .....					
<b>Converter</b> .....					
• 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	
CATEGORY OF SERVICE	RATE	CATEGORY OF SERVICE	RATE
<b>Continuing Services:</b>		<b>Installation: Non-residential</b>	
• Pay cable .....		• Motel, hotel	
• Pay cable—add'l channel .....		• Commercial	
• Fire protection .....		• Pay cable .....	
• Burglar protection .....		• Pay cable—add'l channel .....	
<b>Installation: Residential</b>		• Fire protection .....	
• First set .....		• Burglar protection .....	
• Additional set(s) .....		<b>Other services:</b>	
• FM radio (if separate rate) .....		• Reconnect	
• Converter .....		• Disconnect	
		• Outlet relocation .....	
		• Move to new address .....	











<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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<b>K</b> <b>Gross Receipts</b>	<p><b>GROSS RECEIPTS</b>  <b>Instructions:</b> 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. .... \$ <span style="border: 1px solid black; display: inline-block; width: 150px; height: 20px; vertical-align: middle;"></span>  <small>(Amount of gross receipts)</small></p> <p><b>IMPORTANT:</b> You must complete a statement in space P concerning gross receipts.</p>
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<b>L</b> <b>Copyright Royalty Fee</b>	<p><b>INSTRUCTIONS FOR COMPUTING THE COPYRIGHT ROYALTY FEE</b>          Use the blocks in this space L to determine the royalty fee you owe:</p> <ul style="list-style-type: none"> <li>• Complete block 1, showing your minimum fee.</li> <li>• Complete block 2, showing whether your system carried any distant television stations.</li> <li>• 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.</li> <li>• 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.</li> </ul> <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>
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Block 1	<p><b>MINIMUM FEE:</b> 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 1.013 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 .01013          Enter the result here. .... \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span>          This is your minimum fee. .... ▶</p>
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Block 2	<p><b>DISTANT TELEVISION STATIONS CARRIED:</b> 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>
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Block 3	<p>Line 1. <b>BASE RATE FEE:</b> 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 ..... ▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p> <p>Line 2. <b>3.75 Fee:</b> Enter the total fee from line 7, block C, Part 6 of the DSE schedule. If none, enter zero ..... ▶ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p> <p>Line 3. Add lines 1 and 2 and enter here ..... ▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p>
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Block 4	<p>Line 1. <b>BASE RATE FEE/3.75 FEE, or MINIMUM FEE:</b> 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 ..... ▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p> <p>Line 2. <b>SYNDICATED EXCLUSIVITY SURCHARGE:</b> 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. .... ▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p> <p>Line 3. <b>INTEREST CHARGE:</b> Enter the amount from line 4, space Q, page 9 (Interest Worksheet) ..... ▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p> <p><b>TOTAL ROYALTY FEE.</b> Add Lines 1, 2 and 3 of block 4 and enter total here ..... ▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p> <p style="text-align: center;">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.)</p>
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LEGAL NAME OF OWNER OF CABLE SYSTEM:	<b>Name</b>
<p><b>CHANNELS</b>  <b>INSTRUCTIONS:</b> 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>	<b>M</b> <b>Channels</b>
<p><b>INDIVIDUAL TO BE CONTACTED IF FURTHER INFORMATION IS NEEDED:</b> (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)</small></p> <p>Email (optional)..... Fax (optional) .....</p>	<b>N</b> <b>Contact</b>
<p><b>CERTIFICATION:</b> (This statement of account must be certified and signed in accordance with Copyright Office regulations, as explained in the general instructions.)</p> <ul style="list-style-type: none"> <li>• I, the undersigned, hereby certify that: (Check one, <i>but only one</i>, of the boxes.)</li> <li><input type="checkbox"/> <b>(Owner other than corporation or partnership)</b> I am the owner of the cable system as identified in line 1 of space B; or</li> <li><input type="checkbox"/> <b>(Agent of owner other than corporation or partnership)</b> 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</li> <li><input type="checkbox"/> <b>(Officer or partner)</b> 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.</li> <li>• 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 USC, Section 1001(1986)]</li> </ul> <p> Handwritten signature:.....</p> <p>Typed or printed name:.....</p> <p>Title:.....  <small>(Title of official position held in corporation or partnership)</small></p> <p>Date:.....</p>	<b>O</b> <b>Certification</b>

<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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<p><b>P</b></p> <p><b>Statement of Gross Receipts</b></p>	<p><b>SPECIAL STATEMENT CONCERNING GROSS RECEIPTS EXCLUSION</b>                  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 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 dish owners?   <input type="checkbox"/> NO  <input type="checkbox"/> YES. Enter the total here ..... \$ _____                  and list the satellite carrier(s) below.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; padding: 2px;">Name .....</td> <td style="width:50%; padding: 2px;">Name .....</td> </tr> <tr> <td style="padding: 2px;">Mailing address .....</td> <td style="padding: 2px;">Mailing address .....</td> </tr> <tr> <td style="padding: 2px;">.....</td> <td style="padding: 2px;">.....</td> </tr> <tr> <td style="padding: 2px;">.....</td> <td style="padding: 2px;">.....</td> </tr> <tr> <td style="padding: 2px;">Name .....</td> <td style="padding: 2px;">Name .....</td> </tr> <tr> <td style="padding: 2px;">Mailing address .....</td> <td style="padding: 2px;">Mailing address .....</td> </tr> <tr> <td style="padding: 2px;">.....</td> <td style="padding: 2px;">.....</td> </tr> <tr> <td style="padding: 2px;">.....</td> <td style="padding: 2px;">.....</td> </tr> </table>	Name .....	Name .....	Mailing address .....	Mailing address .....	.....	.....	.....	.....	Name .....	Name .....	Mailing address .....	Mailing address .....	.....	.....	.....	.....
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<p><b>Q</b></p> <p><b>Interest Assessment</b></p>	<p><b>WORKSHEET FOR COMPUTING INTEREST</b>                  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 ..... \$ _____  <span style="float: right;">x _____ %</span></p> <p>Line 2 Multiply line 1 by the interest rate* and enter the sum here ..... _____  <span style="float: right;">x _____ days</span></p> <p>Line 3 Multiply line 2 by the number of days late and enter the sum here ..... _____  <span style="float: right;">x .00274</span></p> <p>Line 4 Multiply line 3 by .00274** enter here and on line 3, block 4, space L, (page 7) ..... \$ _____  <span style="float: right;">(interest charge)</span></p> <p>* Contact the Licensing Division at (202) 707-8150 (8:30 a.m.–5:00 p.m. eastern time, Monday–Friday except federal holidays) 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, accounting period, and ID number as given in the original filing.</p> <p>Owner .....</p> <p>Address .....</p> <p>.....</p> <p>First community served .....</p> <p>Accounting period .....</p> <p>ID number .....</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 ..... 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 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/Base Rate Fee/3.75% Fee.** All cable systems filing SA3 (Long Form) must pay at least the minimum fee which is 1.013% 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	1.013% of gross receipts
Each of the second, third, and fourth DSEs	.668% of gross receipts
The fifth and each additional DSE	.314% of gross receipts

**PARTIALLY-DISTANT STATIONS—PART 9 OF THE DSE SCHEDULE**

- If any of the stations were partially-distant:
  - 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.
  - Identify the communities/areas represented by each subscriber group.
  - 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.
  - 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:

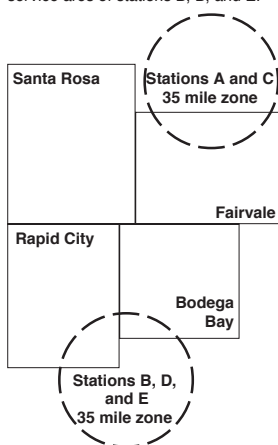
- When the fourth decimal point is 1, 2, 3, or 4 the third decimal remains unchanged (example: .34647 is rounded to .346).
- When the fourth decimal point is 5, 6, 7, 8, or 9 the third decimal is rounded up (example: .34651 is rounded to .347).

*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	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)	.083	Rapid City	Stations A and C	70,000.00
D (part-time)	.139	Bodega Bay	Stations B, D, and E	120,000.00
E (network)	.25	Fairvale		
<b>TOTAL DSEs</b>	<b>2.472</b>		<b>TOTAL GROSS RECEIPTS</b>	<b>\$600,000.00</b>

<b>Minimum Fee</b> Total Gross Receipts	\$600,000.00
	x .01013
	<u>\$6,078.00</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 \$6,188.52	Base rate fee \$1,816.36	Base rate fee \$1,527.43
\$310,000 x .01013 x 1.0 = 3,140.30	\$170,000 x .01013 x 1.0 = 1,722.10	\$120,000 x .01013 x 1.0 = 1,215.60
\$310,000 x .00668 x 1.472 = 3,048.22	\$170,000 x .00668 x .083 = 94.26	\$120,000 x .00668 x .389 = 311.83
Base rate fee \$6,188.52	Base rate fee \$1,816.36	Base rate fee \$1,527.43

**Total Base Rate Fee:** \$6,188.52 + \$1,816.36 + \$1,527.43 = \$9,532.31.  
 In this example, the cable system would enter \$9,532.31 in space L, block 3, line 1, (page 7).

<b>1</b> Owner	LEGAL NAME OF OWNER OF CABLE SYSTEM:																														
<b>2</b> Computation of DSEs for Category "O" Stations	<p><b>INSTRUCTIONS:</b>                      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;"><b>CATEGORY "O" STATIONS: DSEs</b></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> </tbody> </table> <p><b>SUM OF DSEs OF CATEGORY "O" STATIONS:</b>                      • Add the DSEs of each station.                      Enter the sum here and in line 1 of part 5 of this schedule. <span style="float: right; border: 1px solid black; padding: 5px 20px;"> </span></p>	CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE																								
CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE																										



LEGAL NAME OF OWNER OF CABLE SYSTEM:	<b>Name</b>
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<p><b>INSTRUCTIONS FOR COMPUTATION OF DSEs FOR STATIONS CARRIED PART-TIME DUE TO LACK OF ACTIVATED CHANNEL CAPACITY</b></p> <p><b>Column 1:</b> List the call sign of all distant stations identified by "LAC" in column 5 of space G (page 3).</p> <p><b>Column 2:</b> 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><b>Column 3:</b> For each station, give the total number of hours that the station broadcast over the air during the accounting period.</p> <p><b>Column 4:</b> 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><b>Column 5:</b> 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><b>Column 6:</b> 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
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**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	=
.....	÷	=	=	X	=
.....	÷	=	=	X	=
.....	÷	=	=	X	=
.....	÷	=	=	X	=

**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><b>INSTRUCTIONS FOR COMPUTATION OF DSEs FOR SUBSTITUTE-BASIS STATIONS:</b></p> <p><b>Column 1:</b> 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"> <li>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</li> <li>Broadcast one or more <i>live</i>, nonnetwork programs during that optional carriage (as shown by the word "Yes" in column 2 of space I).</li> </ul> <p><b>Column 2:</b> 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><b>Column 3:</b> Enter the number of days in the calendar year: 365, except in a leap year.</p> <p><b>Column 4:</b> 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
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**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
.....	÷	=	=	.....	÷	=	=
.....	÷	=	=	.....	÷	=	=
.....	÷	=	=	.....	÷	=	=
.....	÷	=	=	.....	÷	=	=
.....	÷	=	=	.....	÷	=	=
.....	÷	=	=	.....	÷	=	=
.....	÷	=	=	.....	÷	=	=
.....	÷	=	=	.....	÷	=	=
.....	÷	=	=	.....	÷	=	=
.....	÷	=	=	.....	÷	=	=

**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><b>TOTAL NUMBER OF DSEs:</b> 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 ..... <input style="width: 100px;" type="text"/></p> <p>2. Number of DSEs from part 3 ..... <input style="width: 100px;" type="text"/></p> <p>3. Number of DSEs from part 4 ..... <input style="width: 100px;" type="text"/></p> <p>TOTAL NUMBER OF DSEs ..... <input style="width: 150px; height: 20px;" type="text"/></p>	5
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**Total Number of DSEs**

<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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**6**

**Computation of 3.75 Fee**

**INSTRUCTIONS:** Block A must be completed.  
 In block A:  
 • If your answer if "Yes," leave the remainder of part 6 and part 7 of their DSE schedule blank and complete part 8, (page 16) of the Schedule.  
 • If your answer if "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

• 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) . . . . . ▶ \$

LEGAL NAME OF OWNER OF CABLE SYSTEM:	<b>Name</b>
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<p><b>WORKSHEET FOR COMPUTING THE DSE SCHEDULE FOR PERMITTED PART-TIME AND SUBSTITUTE CARRIAGE</b></p> <p>Instructions: You must complete this worksheet for those stations identified by the letter "F" in column 2 of block B, part 6 (i.e. those stations carried prior to June 25, 1981 under former FCC rules governing part-time and substitute carriage.)</p> <p>Column 1: List the call sign for each distant station identified by the letter "F" in column 2 of part 6 of the DSE schedule.</p> <p>Column 2: Indicate the DSE for this station for a single accounting period, occurring between January 1, 1978 and June 30, 1981.</p> <p>Column 3: Indicate the accounting period and year in which the carriage and DSE occurred, (e.g., 1981/1).</p> <p>Column 4: Indicate the basis of carriage on which the station was carried by listing one of the following letters:                  (Note that the FCC rules and regulations cited below pertain to those in effect on June 24, 1981.)                  A—Part-time specialty programming: Carriage, on a part-time basis, of specialty programming under FCC rules, sections 76.59(d)(1), 76.61(e)(1), or 76.63 (referring to 76.61(e)(1)).                  B—Late-night programming: Carriage under FCC rules, sections 76.59(d)(3), 76.61(e)(3), or 76.63 (referring to 76.61(e)(3)).                  S—Substitute carriage under certain FCC rules, regulations or authorizations. For further explanation see page v of the general instructions.</p> <p>Column 5: Indicate the station's DSE for the current accounting period as computed in parts 2, 3, and 4 of this schedule.</p> <p>Column 6: Compare the DSE figures listed in columns 2 and 5 and list the smaller of the two figures here. This figure should be entered in block B, column 3 of part 6 for this station.</p> <p><b>IMPORTANT:</b> The information you give in columns 2, 3, and 4 must be accurate and is subject to verification from the designated statement of account on file in the Licensing Division.</p>	<b>Worksheet</b>
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PERMITTED DSE FOR STATIONS CARRIED ON A PART-TIME AND SUBSTITUTE BASIS					
1. CALL SIGN	2. PRIOR DSE	3. ACCOUNTING PERIOD	4. BASIS OF CARRIAGE	5. PRESENT DSE	6. PERMITTED DSE
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
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.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

<p><b>INSTRUCTIONS:</b> Block A must be completed.                  In block A:                  If your answer is "Yes," complete blocks B and C, below.                  If your answer is "No," leave blocks B and C blank and complete part 8 of the DSE schedule.</p>		<b>7</b>																																																																													
<b>BLOCK A: MAJOR TELEVISION MARKET</b>		<b>Computation of the Syndicated Exclusivity Surcharge</b>																																																																													
<ul style="list-style-type: none"> <li>• Is any portion of the cable system within a top 100 major television market as defined by section 76.5 of FCC rules in effect June 24, 1981?      <input type="checkbox"/> Yes—Complete blocks B and C .      <input type="checkbox"/> No—Proceed to part 8</li> </ul>																																																																															
<p><b>BLOCK B: Carriage of VHF/Grade B Contour Stations</b></p> <p>Is any station listed in block B of part 6 a commercial VHF station that places a grade B contour, in whole or in part, over the cable system?</p> <p><input type="checkbox"/> Yes—List each station below with its appropriate permitted DSE value.</p> <p><input type="checkbox"/> No—Enter zero and proceed to part 8.</p> <table border="1" style="width:100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width:50%;">CALL SIGN</th> <th style="width:50%;">DSE</th> </tr> </thead> <tbody> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td></tr> <tr> <td colspan="2" style="text-align: center;"><b>TOTAL DSEs</b></td> </tr> </tbody> </table>	CALL SIGN	DSE	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	<b>TOTAL DSEs</b>		<p><b>BLOCK C: Computation of Exempt DSEs</b></p> <p>Was any station listed in block B of part 7 carried in any community served by the cable system prior to March 31, 1972? (refer to former FCC rule 76.159)</p> <p><input type="checkbox"/> Yes—List each station below with its appropriate permitted DSE value.</p> <p><input type="checkbox"/> No—Enter zero and complete block D.</p> <table border="1" style="width:100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width:25%;">CALL SIGN</th> <th style="width:25%;">DSE</th> <th style="width:25%;">CALL SIGN</th> <th style="width:25%;">DSE</th> </tr> </thead> <tbody> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr> <tr> <td colspan="2" style="text-align: center;"><b>TOTAL DSEs</b></td> <td colspan="2" style="text-align: center;"><b>TOTAL DSEs</b></td> </tr> </tbody> </table>	CALL SIGN	DSE	CALL SIGN	DSE	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	<b>TOTAL DSEs</b>		<b>TOTAL DSEs</b>	
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<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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**7**      **BLOCK D: COMPUTATION OF THE SYNDICATED EXCLUSIVITY SURCHARGE**

<b>Computation of the Syndicated Exclusivity Surcharge</b>	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. <b>If zero, proceed to part 8.</b> ..... ▶ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span>

• 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)  <b>Syndicated Exclusivity Surcharge</b> ..... ▶ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span> \$ _____</p>
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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)  <b>Syndicated Exclusivity Surcharge</b> ..... ▶ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span> \$ _____</p>
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**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)  <b>Syndicated Exclusivity Surcharge</b> ..... ▶ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span> \$ _____</p>
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LEGAL NAME OF OWNER OF CABLE SYSTEM:	<b>Name</b>
<div style="display: flex; justify-content: space-between;"> <div style="width: 10%; border-right: 1px solid black; padding-right: 5px;">Section 4b</div> <div style="width: 70%;"> <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><b>Syndicated Exclusivity Surcharge</b> .....▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p> </div> <div style="width: 15%; text-align: center; border-left: 1px solid black; padding-left: 5px;"> <p style="font-size: 2em; font-weight: bold;">7</p> <p style="font-weight: bold;">Computation of the Syndicated Exclusivity Surcharge</p> </div> </div>	

<p><b>INSTRUCTIONS:</b> 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"> <li>• In block A, indicate, by checking "Yes" or "No," whether your system carried any partially-distant stations.</li> <li>• If your answer is "No," compute your system's base rate fee in block B. Leave part 9 blank.</li> <li>• 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.</li> </ul> <p><b>What is a partially-distant station?</b> 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 style="font-weight: bold;">Computation of Base Rate Fee</p>
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**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**

<div style="display: flex; justify-content: space-between;"> <div style="width: 10%; border-right: 1px solid black; padding-right: 5px;">Section 1</div> <div style="width: 70%;">Enter the amount of gross receipts from space K (page 7) .....▶ \$ _____</div> </div>	
<div style="display: flex; justify-content: space-between;"> <div style="width: 10%; border-right: 1px solid black; padding-right: 5px;">Section 2</div> <div style="width: 70%;">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.) .....▶ _____</div> </div>	
<div style="display: flex; justify-content: space-between;"> <div style="width: 10%; border-right: 1px solid black; padding-right: 5px;">Section 3</div> <div style="width: 70%;"> <p>If the figure in section 2 is <b>4.000 or less</b>, 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 .01013 x the DSE. Enter the result on line A below.</p> <p>A. Enter .01013 of gross receipts (the amount in section 1) .....▶ \$ _____</p> <p>B. Enter .00668 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><b>Base Rate Fee</b> .....▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p> </div> </div>	

<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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<p><b>8</b></p> <p><b>Computation of Base Rate Fee</b></p>	<p>Section 4</p>	<p>If the figure in section 2 is <b>more than 4,000</b>, compute your base rate fee here and leave section 3 blank.</p> <p>A. Enter .01013 of gross receipts (the amount in section 1).....▶ \$ _____</p> <p>B. Enter .00668 of gross receipts (the amount in section 1) .....▶ \$ _____</p> <p>C. Multiply line B by 3.000 and enter here.....▶ \$ _____</p> <p>D. Enter .00314 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)</p> <p><b>Base Rate Fee</b>.....▶ \$ <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px; vertical-align: middle;"></span></p>
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<p><b>9</b></p> <p><b>Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially-Distant Stations</b></p>	<p><b>In General:</b> 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><b>First:</b> 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><b>Next:</b> 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><b>Finally:</b> 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 <i>not exempt</i>, you must <i>also</i> 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><b>How to Identify a Subscriber Group</b></p> <p><b>Step 1:</b> Determine the local service area of each wholly-distant and each partially-distant station you carried.</p> <p><b>Step 2:</b> 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><b>Step 3:</b> 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><b>Computing the base rate fee for each subscriber group:</b> 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"> <li>• Identify the communities/areas represented by each subscriber group.</li> <li>• 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.</li> <li>• If:             <ol style="list-style-type: none"> <li>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,</li> <li>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.</li> </ol> </li> <li>• Add the DSEs for each station. This gives you the total DSEs for the particular subscriber group.</li> <li>• Calculate gross receipts for the subscriber group. For further explanation of gross receipts see page vi of the general instructions.</li> <li>• 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.</li> </ul>
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LEGAL NAME OF OWNER OF CABLE SYSTEM:								<b>Name</b>
<b>BLOCK A: COMPUTATION OF BASE RATE FEES FOR EACH SUBSCRIBER GROUP</b>								<b>9</b> <b>Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially-Distant Stations</b>
FIRST SUBSCRIBER GROUP				SECOND SUBSCRIBER GROUP				
COMMUNITY/ AREA .....				COMMUNITY/ AREA .....				
CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE	
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Total DSEs .....				Total DSEs .....				
Gross Receipts First Group ..... \$				Gross Receipts Second Group ..... \$				
<b>Base Rate Fee</b> First Group ..... \$				<b>Base Rate Fee</b> Second Group ..... \$				
THIRD SUBSCRIBER GROUP				FOURTH SUBSCRIBER GROUP				
COMMUNITY/ AREA .....				COMMUNITY/ AREA .....				
CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE	
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Total DSEs .....				Total DSEs .....				
Gross Receipts Third Group ..... \$				Gross Receipts Fourth Group ..... \$				
<b>Base Rate Fee</b> Third Group ..... \$				<b>Base Rate Fee</b> Fourth Group ..... \$				
<b>Base Rate Fee:</b> Add the <b>base rate fees</b> for each subscriber group as shown in the boxes above. Enter here and in block 3, line 1, space L (page 7) . . . . .				\$				

<b>Name</b>	LEGAL NAME OF OWNER OF CABLE SYSTEM:
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# 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 . . . . . _____
<p><b>SYNDICATED EXCLUSIVITY SURCHARGE</b></p> <p>First Group . . . . . \$ _____</p>	<p><b>SYNDICATED EXCLUSIVITY SURCHARGE</b></p> <p>Second Group . . . . . \$ _____</p>

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 . . . . . _____
<p><b>SYNDICATED EXCLUSIVITY SURCHARGE</b></p> <p>Third Group . . . . . \$ _____</p>	<p><b>SYNDICATED EXCLUSIVITY SURCHARGE</b></p> <p>Fourth Group . . . . . \$ _____</p>

**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 **\$527,600 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 \$527,600,  
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 statutory licensing.

### HOW TO FILE THE STATEMENT OF ACCOUNT AND ROYALTY FEE

- 1 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.
- 2 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.
- 3 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.
- 4 Make an *electronic payment* (see note below) in the amount you have calculated in space L, to cover the copyright royalty fee. See the *Federal Register*, August 10, 2006 (71 FR 45739) available at [www.copyright.gov/fedreg/2006/71fr45739.html](http://www.copyright.gov/fedreg/2006/71fr45739.html). The remittance should be payable to *Register of Copyrights*.
- 5 Send the completed statement of account, together with one legible copy of the statement of account, all continuation sheets, the DSE schedule if required to  
*Library of Congress  
Copyright Office  
Licensing Division  
101 Independence Avenue SE  
Washington, DC 20557-6400*  
For courier deliveries, see [www.copyright.gov/mail.html](http://www.copyright.gov/mail.html) for updated information.
- 6 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 online at [www.copyright.gov/circs/circ74.pdf](http://www.copyright.gov/circs/circ74.pdf)

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## HOW THE STATUTORY LICENSE WORKS

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In general, having a statutory 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 \$527,600).
- 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 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

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## WHAT A STATUTORY LICENSE DOES NOT PERMIT YOU TO DO

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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 statutory 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 \$137,100 or less:** royalty fee of \$52;
- 2 Gross receipts of more than \$137,100 and less than \$527,600:** royalty fee determined by a formula based on percentage of gross receipts;

- 3 Gross receipts of \$527,600 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. The royalty must be made by electronic payment, and the related statement of account must be filed by the appropriate deadline accompanied with a cover letter (see circulars 74a, 74b, and 74c). 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.



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## WHAT FACTS THE STATEMENT OF ACCOUNT SHOULD COVER

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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.

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## SPACE G (Primary Transmitters: Television)

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**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 the 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 headend, 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 Public Law 103-369, Public Law 106-113, and Public Law 108-447 establishes a statutory license for certain secondary transmissions made by satellite carriers to satellite dish owners. 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 Extension and Reauthorization Act of 2004 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 pursuant to Section 119.”
- 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 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, *USC* § 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 *USC* §§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