

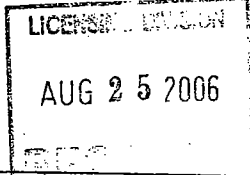
IF YOU ARE FILING FOR A PRIOR ACCOUNTING PERIOD,
CONTACT THE LICENSING DIVISION FOR THE CORRECT FORM.

SA3
Long Form

STATEMENT OF ACCOUNT

Secondary Transmissions by
Cable Systems (Long Form)


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

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

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

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

A Accounting Period	ACCOUNTING PERIOD COVERED BY THIS STATEMENT: JANUARY 1 - JUNE 30, 2006
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B Owner	INSTRUCTIONS: Your file has been established under the information given below. If there are any changes, draw a line through the incorrect information and print or type the correct information beside it. Give the full legal name of the owner of the cable system. If the owner is a subsidiary of another corporation, give the full corporate title of the subsidiary, not that of the parent corporation. List any other name or names under which the owner conducts the business of the cable system.
	LEGAL NAME OF OWNER/MAILING ADDRESS OF CABLE SYSTEM  007280 2006/1 SA 3 BEND CABLE COMMUNICATIONS LLC PO BOX 70006 EUGENE, OR 97401-0101

C System	INSTRUCTIONS: In line 1, give any business or trade names used to identify the business and operation of the system unless these names already appear in space B. In line 2, give the mailing address of the system, if different from the address given in space B.			
	<table border="1"> <tr> <td style="width: 5%; text-align: center;">1</td> <td>IDENTIFICATION OF CABLE SYSTEM: Bend Cable Communications, LLC</td> </tr> <tr> <td style="text-align: center;">2</td> <td>MAILING ADDRESS OF CABLE SYSTEM: 63090 Sherman Road <small>(Number, Street, Rural Route, Apartment or Suite Number)</small> Bend, OR 97701. <small>(City, Town, State, ZIP Code)</small></td> </tr> </table>	1	IDENTIFICATION OF CABLE SYSTEM: Bend Cable Communications, LLC	2
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2	MAILING ADDRESS OF CABLE SYSTEM: 63090 Sherman Road <small>(Number, Street, Rural Route, Apartment or Suite Number)</small> Bend, OR 97701. <small>(City, Town, State, ZIP Code)</small>			

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

Name	LEGAL NAME OF OWNER OF CABLE SYSTEM: BEND CABLE COMMUNICATIONS LLC 007280
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K Gross Receipts	<p>GROSS RECEIPTS Instructions: The figure you give in this space determines the form you file and the amount you pay. Enter the total of all amounts ("gross receipts") paid to your cable system by subscribers for the system's "secondary transmission service" (as identified in space E) during the accounting period. For a further explanation of how to compute this amount, see page (vi) of the General Instructions. Gross receipts from subscribers for secondary transmission service(s) during the accounting period. \$ <u>7,292,000.00</u> IMPORTANT: You must complete a statement in space P concerning gross receipts. (Amount of "gross receipts")</p>
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L Copyright Royalty Fee	<p>INSTRUCTIONS FOR COMPUTING THE COPYRIGHT ROYALTY FEE Use the blocks in this space L to determine the royalty fee you owe:</p> <ul style="list-style-type: none"> • Complete block 1, showing your Minimum Fee. • Complete block 2, showing whether your system carried any distant television stations. • If your system did not carry any distant television stations, leave block 3 blank. Enter the amount of the Minimum Fee from block 1 on line 1 of block 4, and calculate the Total Royalty Fee. • If your system did carry any distant television stations you must complete the applicable parts of the DSE Schedule accompanying this form and attach the Schedule to your Statement of Account. <p>▶ If part 8 or part 9, Block A, of the DSE Schedule was completed, the base rate fee should be entered on line 1 of Block 3 below.</p> <p>▶ If part 6 of the DSE Schedule was completed, the amount from line 7 of Block C should be entered on line 2 in Block 3 below.</p> <p>▶ If part 7 or part 9, Block B, of the DSE Schedule was completed, the surcharge amount should be entered on line 2 in Block 4 below.</p>
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Block 1	<p>MINIMUM FEE: All cable systems with semiannual "gross receipts" of \$527,600 or more are required to pay at least the Minimum Fee, regardless of whether they carried any distant stations. This fee is 1.013 percent of the system's "gross receipts" for the accounting period.</p> <p>Line 1. Enter the amount of "gross receipts" from space K 7,292,000.00 Line 2. Multiply the amount in line 1 by .01013 Enter the result here. \$ <u>73,868.00</u> This is your Minimum Fee.....</p>
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Block 2	<p>DISTANT TELEVISION STATIONS CARRIED: Your answer here must agree with the information you gave in space G. If, in space G, you identified any stations as "distant" by stating "Yes" in column 4, you must check "Yes" in this block.</p> <p>• Did your cable system carry any distant television stations during the accounting period? <input checked="" 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. BASE RATE FEE: Enter the Base Rate Fee from either Part 8, section 3 or 4, or Part 9, Block A of the DSE Schedule. If none, enter zero. \$ <u>73,868.00</u></p> <p>Line 2. 3.75 Fee: Enter the total fee from line 7, Block C, Part 6 of the DSE Schedule. If none, enter zero. 0.00</p> <p>Line 3. Add lines 1 and 2 and enter here. \$ <u>73,868.00</u></p>
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Block 4	<p>Line 1. BASE RATE FEE/3.75 FEE, or MINIMUM FEE: Enter either the minimum fee from Block 1 or the sum of the Base Rate Fee/3.75 Fee from Block 3, line 3, whichever is larger. \$ <u>73,868.00</u></p> <p>Line 2. SYNDICATED EXCLUSIVITY SURCHARGE: Enter the fee from either part 7 (block D, section 3 or 4) or part 9 (block B) of the DSE Schedule. If none, enter zero. \$ <u>0.00</u></p> <p>Line 3. INTEREST CHARGE: Enter the amount from line 4, space Q, page 9 (Interest Worksheet). \$ <u>0.00</u></p> <p>TOTAL ROYALTY FEE. Add Lines 1, 2 and 3 of Block 4 and enter total here. \$ <u>73,868.00</u></p>
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Remit this amount via **electronic payment**; or in the form of a **certified check, cashier's check, or money order**, payable to *Register of Copyrights*. Do not send cash. We recommend electronic payments.

LEGAL NAME OF OWNER OF CABLE SYSTEM:

BEND CABLE COMMUNICATIONS LLC 007280

Name

CHANNELS

INSTRUCTIONS: You must give: (1) the number of channels on which the cable system carried television broadcast stations to its subscribers; and, (2) the cable system's total number of activated channels, during the accounting period.

1. Enter the total number of channels on which the cable system carried television broadcast stations.

11

2. Enter the total number of activated channels on which the cable system carried television broadcast stations and nonbroadcast services

50

M

Channels

INDIVIDUAL TO BE CONTACTED IF FURTHER INFORMATION IS NEEDED: (Identify an individual to whom we can write or call about this Statement of Account.)

Thomas H. Palmer

(541) 683-4511

Name Telephone
(Area Code)

Address 1144 Willagillespie Road, Suite 33, P.O. Box 70006
(Number, Street, Rural Route, Apartment or Suite Number)

..... Eugene, OR 97401
(City, Town, State, ZIP Code)

E-mail (optional) Fax (optional)

N

Contact

CERTIFICATION: (This Statement of Account must be certified and signed in accordance with Copyright Office Regulations, as explained in the General Instructions.)

I, the undersigned, hereby certify that: (Check one, but only one, of the boxes.)

(Owner other than corporation or partnership) I am the owner of the cable system as identified in line 1 of space B; or

(Agent of owner other than corporation or partnership) I am the duly authorized agent of the owner of the cable system as identified in line 1 of space B, and that the owner is not a corporation or partnership; or

(Officer or partner) I am an officer (if a corporation) or a partner (if a partnership) of the legal entity identified as owner of the cable system in line 1 of space B.

I have examined the Statement of Account and hereby declare under penalty of law that all statements of fact contained herein are true, complete, and correct to the best of my knowledge, information, and belief, and are made in good faith. [18 U.S.C., Section 1001(1986)]



Handwritten signature: *Thomas H. Palmer*

Typed or printed name: Thomas H. Palmer

Title: Treasurer
(Title of official position held in corporation or partnership)

Date: August 23, 2006

O

Certification

Name	LEGAL NAME OF OWNER OF CABLE SYSTEM: BEND CABLE COMMUNICATIONS LLC 007280
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P Statement of Gross Receipts	<p>SPECIAL STATEMENT CONCERNING GROSS RECEIPTS EXCLUSION The Satellite Home Viewer Act of 1988 amended Title 17, section 111(d)(1)(A), of the Copyright Act by adding the following sentence: "In determining the total number of subscribers and the gross amounts paid to the cable system for the basic service of providing secondary transmissions of primary broadcast transmitters, the system shall not include subscribers and amounts collected from subscribers receiving secondary transmissions pursuant to section 119." For more information on when to exclude these amounts, see the note on page(vi) of the General Instructions.</p> <p>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?</p> <p><input checked="" 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				
Name	Name																	
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Mailing Address	Mailing Address																	

Q Interest Assessment	<p>WORKSHEET FOR COMPUTING INTEREST You must complete this worksheet for those royalty payments submitted as a result of a late payment or underpayment. For an explanation of interest assessment, see page (vii) General Instructions.</p> <p>Line 1 Enter the amount of late payment or underpayment..... \$ x %</p> <p>Line 2 Multiply line 1 by the interest rate* and enter the sum here..... x days</p> <p>Line 3 Multiply line 2 by the number of days late and enter the sum here..... x .00274</p> <p>Line 4 Multiply line 3 by .00274** enter here and on line 3, Block 4, space L, (page 7)..... \$ (interest charge)</p> <p>* Contact the Licensing Division at (202) 707-8150 (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, and Accounting Period as given in the original filing.</p> <p>Owner</p> <p>Address</p> <p> </p> <p>First Community Served</p> <p>Accounting Period</p>	
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INSTRUCTIONS FOR DSE SCHEDULE

WHAT IS A "DSE"

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

FORMULAS FOR COMPUTING A STATION'S DSE

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

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

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

- INDEPENDENT: its type-value is 1.00
- NETWORK: its type value is 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 76.63 (a) [referring to 76.61 (b),(d)]) in effect on June 24, 1981.
- 4) A station carried pursuant to an individual waiver granted between April 16, 1976, and June 25, 1981 under the FCC rules and regulations in effect on April 15, 1976.
- 5) In the case of a station carried prior to June 25, 1981, on a 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":
 1. Divide all of your subscribers into "subscriber groups" depending on their location. A particular "subscriber group" consists of all subscribers who are "distant" with respect to exactly the same complement of stations.
 2. Identify the communities/areas represented by each subscriber group.
 3. For each "subscriber group," calculate the total number of DSEs of that group's complement of stations.
 - If your system is located wholly outside all major and smaller television markets, give each station's DSEs as you gave them in parts 2, 3, and 4 of the Schedule; or
 - If any portion of your system is located in a major or smaller television market, give each station's DSE as you gave it in block B, part 6 of this Schedule.
 4. Determine the portion of the total "gross receipts" you reported in space K (page 7) that is attributable to each "subscriber group."

5. Calculate a separate Base Rate Fee for each "subscriber group," using (1) the rates given above; (2) the total number of DSEs for that group's complement of stations; and (3) the amount of "gross receipts" attributable to that group.

6. Add together the Base Rate Fees for each "subscriber group" to determine the system's total Base Rate Fee.

7. If any portion of the cable system is located in whole or in part within a major television market, you may also need to complete part 9, block B of the Schedule to determine the Syndicated Exclusivity Surcharge.

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

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

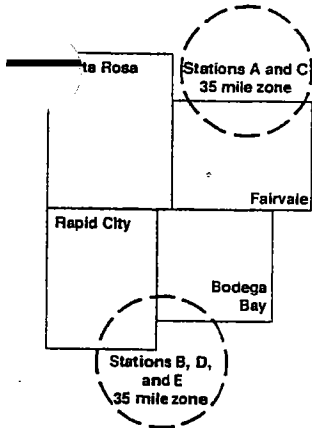
- When the fourth decimal point is 1, 2, 3, or 4 the third decimal remains unchanged (example: .34647 is rounded to .346).
- When the fourth decimal point is 5, 6, 7, 8, or 9 the third decimal is rounded up (example: .34651 is rounded to .347).

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

EXAMPLE:

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

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



Distant Stations Carried		Identification of Subscriber Groups		"GROSS RECEIPTS" FROM SUBSCRIBERS
STATION	DSE	CITY	OUTSIDE LOCAL SERVICE AREA OF	
A (independent)	1.0		Stations A, B, C, D, E	\$310,000.00
B (independent)	1.0	Santa Rosa	Stations A and C	100,000.00
C (part-time)	.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		
TOTAL DSEs	2.472		TOTAL "GROSS RECEIPTS"	\$600,000.00

Minimum Fee Total "Gross Receipts"	\$600,000.00
	x .01013
	\$6,078.00

First Subscriber Group (Santa Rosa)	Second Subscriber Group (Rapid City and Bodega Bay)	Third Subscriber Group (Fairvale)
"Gross Receipts" \$310,000.00	"Gross Receipts" \$170,000.00	"Gross Receipts" \$120,000.00
DSEs 2.472	DSEs 1.083	DSEs 1.389
Base Rate Fee \$6,188.52	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).

1 Owner	LEGAL NAME OF OWNER OF CABLE SYSTEM: BEND CABLE COMMUNICATIONS LLC 007280
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2 Computation of DSEs for Category "O" Stations	INSTRUCTIONS: In the column headed "Call Sign": list the call signs of all distant stations identified by the letter "O" in column 5 of space G (page 3). In the column headed "DSE": for each independent station, give the DSE as "1.0"; for each network or noncommercial educational station, give the DSE as ".25."					
	CATEGORY "O" STATIONS: DSEs					
	CALL SIGN	DSE	CALL SIGN	DSE	CALL SIGN	DSE
	KATU-DT	.25	KEZI-TV	.25	KVAL-DT	.25
KOIN-TV	.25					
SUM OF DSEs OF CATEGORY "O" STATIONS: • Add the DSEs of each station. Enter the sum here and in line 1 of part 5 of this Schedule.					1.00	

LEGAL NAME OF OWNER OF CABLE SYSTEM:

BEND CABLE COMMUNICATIONS LLC 007280

Name

II INSTRUCTIONS FOR COMPUTATION OF DSEs FOR STATIONS CARRIED PART-TIME DUE TO LACK OF ACTIVATED CHANNEL CARRIAGE

3

Computation of DSEs for Category "LAC" Stations

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

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,

N/A

III INSTRUCTIONS FOR COMPUTATION OF DSEs FOR SUBSTITUTE-BASIS STATIONS:

4

Computation of DSEs for Substitute-Basis Stations

- Column 1:** Give the call sign of each station listed in space I (page 5, the Log of Substitute Programs) if that station:
 - Was carried by your system in substitution for a program that your system was permitted to delete under FCC rules and regulations in effect on October 19, 1976 (as shown by the letter "P" in column 7 of space I); and
 - Broadcast one or more live, nonnetwork programs during that optional carriage (as shown by the word "Yes" in column 2 of space I).
- Column 2:** For each station give the number of live, nonnetwork programs carried in substitution for programs that were deleted at your option. This figure should correspond with the information in space I.
- Column 3:** Enter the number of days in the calendar year: 365, except in a leap year.
- Column 4:** Divide the figure in column 2 by the figure in column 3, and give the result in column 4. Round to no less than the third decimal point. This is the station's "DSE." (For more information on rounding, see page (vii) of the General Instructions.)

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,

N/A

TOTAL NUMBER OF DSEs: Give the amounts from the boxes in parts 2, 3, and 4 of this Schedule, and add them to provide the total number of DSEs applicable to your system.

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Total Number of DSEs

- Number of DSEs from part 2 1.00
- Number of DSEs from part 3 0.00
- Number of DSEs from part 4 0.00

TOTAL NUMBER OF DSEs

1.00

Name	LEGAL NAME OF OWNER OF CABLE SYSTEM: BEND CABLE COMMUNICATIONS LLC 007280
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6
Computation of 3.75 Fee

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

BLOCK A: TELEVISION MARKETS

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

BLOCK B: CARRIAGE OF PERMITTED DSEs

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

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

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

1. CALL SIGN	2. PERMITTED BASIS	3. DSE	1. CALL SIGN	2. PERMITTED BASIS	3. DSE	1. CALL SIGN	2. PERMITTED BASIS	3. DSE
KOIN-TV	D	.25	KATU-DT	A/D	.25			
KEZI-TV	D	.25	KVAL-DT	A/D	.25			

• SUM OF PERMITTED DSEs—add the DSEs of each station 1.00

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

Line 1: Enter the total number of DSEs from part 5 of this Schedule 1.00

Line 2: Enter the "SUM OF PERMITTED DSEs" from block B above. 1.00

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). .00

Line 4: Enter "Gross Receipts" from space K (page 7) \$

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

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

Line 7: Multiply line 6 by line 5 and enter here and on line 2, block 3, space L (page 7) \$.00

Name	LEGAL NAME OF OWNER OF CABLE SYSTEM: BEND CABLE COMMUNICATIONS LLC 007280
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Computation of the Syndicated Exclusivity Surcharge

BLOCK D: COMPUTATION OF THE SYNDICATED EXCLUSIVITY SURCHARGE

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

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

SECTION 3: TOP 50 TELEVISION MARKET

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

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

SECTION 4: SECOND 50 TELEVISION MARKET

Section 4a	<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>	
	A. Enter .00300 of "gross receipts" (the amount in section 1)	\$ _____
	B. Enter .00189 of "gross receipts" (the amount in section 1)	\$ _____
	C. Subtract 1.000 from total permitted DSEs (the figure on line C in section 2) and enter here	_____
	D. Multiply line B by line C and enter here	\$ _____
	E. Add lines A and D. This is your surcharge. Enter here and in line 2, block 4, space L (page 7) Syndicated Exclusivity Surcharge	

LEGAL NAME OF OWNER OF CABLE SYSTEM: BEND CABLE COMMUNICATIONS LLC 007280	Name
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Section 4b

If the figure in section 2, line C is more than 4.000, compute your surcharge here and leave section 4a blank.

A. Enter .00300 of "gross receipts" (the amount in section 1) \$ _____

B. Enter .00189 of "gross receipts" (the amount in section 1) \$ _____

C. Multiply line B by 3.000 and enter here \$ _____

D. Enter .00089 of "gross receipts" (the amount in section 1) \$ _____

E. Subtract 4.000 from the total DSEs (the figure on line C in section 2) and enter here _____

F. Multiply line D by line E and enter here \$ _____

G. Add lines A, C, and F. This is your surcharge.
 Enter here and on line 2, block 4, space L (page 7)

Syndicated Exclusivity Surcharge \$ N/A

7

Computation of the Syndicated Exclusivity Surcharge

INSTRUCTIONS:

You must complete this part of the DSE Schedule for the SUM OF PERMITTED DSEs in Part 6, Block B; however, if block A of part 6 was checked "yes," use the total number of DSEs from part 5.

- In block A, indicate, by checking "Yes" or "No," whether your system carried any partially-distant stations.
- If your answer is "No," compute your system's Base Rate Fee in block B. Leave part 9 blank.
- If your answer is "Yes" (that is, if you carried one or more partially-distant stations), you must complete part 9. Leave block B below blank.

What is a "partially-distant station?" A station is "partially-distant" if, at the time your system carried it, some of your subscribers were located within that station's local service area and others were located outside that area. For the definition of a station's "local service area," see the "Distant Station" section on page (iv) of the General Instructions.

8

Computation of Base Rate Fee

BLOCK A: CARRIAGE OF PARTIALLY-DISTANT STATIONS

Did your cable system retransmit the signals of any partially-distant television stations during the accounting period?

Yes—Complete part 9 of this Schedule. No—Complete the following sections.

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

Section 1

Enter the amount of "gross receipts from space K (page 7) \$ 7,292,000.00

Section 2

Enter the total number of permitted DSEs from block B, part 6 of this Schedule. (If block A of part 6 was checked "yes," use the total number of DSEs from part 5.) 1.00

Section 3

If the figure in section 2 is 4.000 or less, compute your Base Rate Fee here and leave section 4 blank.
 NOTE: If the DSE is 1.0 or less, multiply the "gross receipts" x .01013 x the DSE. Enter the result on line A below.

A. Enter .01013 of "gross receipts" (the amount in section 1) \$ 73,868.00

B. Enter .00668 of "gross receipts" (the amount in section 1) \$ 48,711.00

C. Subtract 1.000 from total DSEs (the figure in section 2) and enter here00

D. Multiply line B by line C and enter here \$ 0.00

E. Add lines A, and D. This is your Base Rate Fee. Enter here and in block 3, line 1, space L (page 7)

Base Rate Fee \$ 73,868.00

Name	LEGAL NAME OF OWNER OF CABLE SYSTEM: BEND CABLE COMMUNICATIONS LLC 007280
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<p>8</p> <p>Computation of Base Rate Fee</p>	<p>Section 4</p>	<p>If the figure in section 2 is more than 4.000, compute your Base Rate Fee here and leave section 3 blank.</p> <p>A. Enter .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) Base Rate Fee \$ </p>
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<p>9</p> <p>Computation of Base Rate Fee and Syndicated Exclusivity Surcharge for Partially-Distant Stations</p>	<p>In General: If any of the stations you carried was "partially-distant," the statute allows you, in computing your Base Rate Fee, to exclude receipts from subscribers located within the station's local service area from your system's total "gross receipts." To take advantage of this exclusion, you must</p> <p>First: Divide all of your subscribers into "subscriber groups," each group consisting entirely of subscribers that are "distant" to the same station or the same group of stations.</p> <p>Next: Treat each subscriber group as if it were a separate cable system. Determine the number of DSEs and the portion of your system's "gross receipts" attributable to that group, and calculate a separate Base Rate Fee for each group.</p> <p>Finally: Add up the separate Base Rate Fees for each subscriber group. That total is the Base Rate Fee for your system.</p> <p>Important: If any portion of your cable system is located within the top 100 television market and the station is not exempt, you must also compute a Syndicated Exclusivity Surcharge for each subscriber group. In this case, complete both block A and B below. However, if your cable system is wholly located outside all major television markets, complete block A only.</p> <p>How to Identify a Subscriber Group</p> <p>Step 1: Determine the local service area of each wholly-distant and each partially-distant station you carried.</p> <p>Step 2: For each wholly-distant and each partially-distant station you carried, determine which of your subscribers were located outside the station's local service area. A subscriber located outside the local service area of a station is "distant" to that station (and, by the same token, the station is "distant" to the subscriber.)</p> <p>Step 3: Divide your subscribers into subscriber groups according to the complement of stations to which they are "distant." Each subscriber group must consist entirely of subscribers who are "distant" to exactly the same complement of stations. Note that a cable system will have only one subscriber group when the distant stations it carried have local service areas that coincide.</p> <p>Computing the Base Rate Fee for each subscriber group: Block A contains separate sections, one for each of your system's subscriber groups.</p> <p>In each section:</p> <ul style="list-style-type: none"> • Identify the communities/areas represented by each subscriber group. • Give the call sign for each of the stations in the subscriber group's complement—that is, each station that is "distant" to all of the subscribers in the group. • If: <ol style="list-style-type: none"> 1) your system is located wholly outside all major and smaller television markets, give each station's DSE as you gave it in parts 2, 3, and 4 of this Schedule; or, 2) any portion of your system is located in a major or smaller television market, give each station's DSE as you gave it in block B, part 6 of this Schedule. • Add the DSEs for each station. This gives you the total DSEs for the particular subscriber group. • Calculate "gross receipts" for the subscriber group. For further explanation of "gross receipts" see page (vi) of the General Instructions. • Compute a Base Rate Fee for each subscriber group using the formula outline in block B of part 8 of this Schedule on the preceding page. In making this computation, use the DSE and "gross receipts" figure applicable to the particular subscriber group (that is, the total DSEs for that group's complement of stations and total "gross receipts" from the subscribers in that group). You do not need to show your actual calculations on the form.
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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
SYNDICATED EXCLUSIVITY SURCHARGE First Group \$	SYNDICATED EXCLUSIVITY SURCHARGE Second Group \$

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

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

**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"

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

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

Note: For detailed instructions concerning electronic payments, contact the Licensing Division for Circular 74 which is available online at www.copyright.gov/circs

HOW THE "STATUTORY LICENSE" WORKS

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 or a certified check, cashier's check or money order payable to *Register of Copyrights*.

Why Having a Statutory License Is Important

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

Who Can Utilize the Statutory License

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

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

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

WHAT A STATUTORY LICENSE DOES NOT PERMIT YOU TO DO

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

- **Originations.** To repeat: a cable system's 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.