



FY 2006 Regulatory Fees

March, 2006

The Commission has released its *Notice of Proposed Rule Making* regarding the development of its Fiscal Year (FY) 2006 regulatory fees.

Regulatory Fee Obligation

The Commission seeks comment on the appropriate regulatory fee structure for both cable operators and DBS providers, questioning whether it should retain the existing regulatory fee assessment methodology for the purposes of our FY 2006 regulatory fee assessment. Since the inception of the Commission regulatory fee program, it has assessed regulatory fees on cable operators using a per-subscriber approach, while assessing fees on DBS based on a per-license approach. The Commission noted that in the FY 2005 regulatory fee proceeding, the cable industry generally argued that the per subscriber approach should be applied to DBS as well, however, it declined to adopt the proposal at that time.

The Commission proposes to apply a \$0.77 (up from \$0.72 last year) per subscriber fee on cable operators for all of the community units (CUIDs) in which they operate. The proposed DBS regulatory fee is \$107,825 per operational space station. Licensees of CARS facilities must pay a regulatory fee of \$170.00 (up from \$155.00) for each CARS facility that was operating on October 1, 2005.

Assessment Initiative

The Commission proposes to conduct a regulatory fee assessment initiative consistent with the process used in FY 2005. The proposal is to generate fee assessment letters for the cable operators who are on file as having paid regulatory fees the previous fiscal year for their basic cable subscribers. It also proposes to send an e-mail reminder to all of the operators' e-mail

addresses on record in the Cable Operations and Licensing System (COALS).

The assessment letter will (1) announce the due date for payment of regulatory fees; (2) reflect the subscriber count for which the operator paid regulatory fees in FY 2005; and (3) request that the operator access a Commission-authorized web site to provide its aggregate subscriber count as of December 31, 2005. Operators will be required to briefly explain differing subscriber counts and indicate when the difference occurred.

The Commission emphasized that not receiving a regulatory fee assessment letter will not excuse an operator from its obligation to pay regulatory fees.

The Commission proposed to continue to permit cable television operators to base regulatory fee payments on their company's aggregate subscriber count as of December 31, 2005, rather than requiring them to sub-report subscriber counts on a per CUID basis.

Comments on the Commission's proposals are due by April 14, 2006. Reply comments are due April 21, 2006. Please call us if you have any questions or are interested in commenting on the Commission's proposals.

Please contact Mark Palchick (202/857-4411) or Howard Barr (202/857-4506) if you have any questions regarding this advisory.