

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of
Northwoods Cable, Inc.
Operator of Cable Systems in:
Atlanta, Michigan
Clark, Michigan
Drummond Island, Michigan
Hillman, Michigan
Jefferson Beach, Michigan
Mullet, Michigan
Onaway, Michigan
Request for Waiver of Section 11.11(a) of the
Commission's Rules
File No. EB-02-TS-543

ORDER

Adopted: May 9, 2003

Released: May 15, 2003

By the Chief, Technical and Public Safety Division, Enforcement Bureau:

1. In this Order, we grant Northwoods Cable, Inc. ("Northwoods") temporary, 36-month waivers of Section 11.11(a) of the Commission's Rules ("Rules") for the seven above-captioned cable television systems. Section 11.11(a) requires cable systems serving fewer than 5,000 subscribers from a headend to either provide national level Emergency Alert System ("EAS") messages on all programmed channels or install EAS equipment and provide a video interrupt and audio alert on all programmed channels and EAS audio and video messages on at least one programmed channel by October 1, 2002.

2. The Cable Act of 1992 added new Section 624(g) to the Communications Act of 1934 ("Act"), which requires that cable systems be capable of providing EAS alerts to their subscribers. In 1994, the Commission adopted rules requiring cable systems to participate in EAS. In 1997, the

1 47 C.F.R. § 11.11(a).

2 Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, § 16(b), 106 Stat. 1460, 1490 (1992). Section 624(g) provides that "each cable operator shall comply with such standards as the Commission shall prescribe to ensure that viewers of video programming on cable systems are afforded the same emergency information as is afforded by the emergency broadcasting system pursuant to Commission regulations" 47 U.S.C. § 544(g).

3 Amendment of Part 73, Subpart G, of the Commission's Rules Regarding the Emergency Broadcast System, Report and Order and Further Notice of Proposed Rule Making, FO Docket Nos. 91-171/91-301, 10 FCC Rcd 1786 (1994) ("First Report and Order"), reconsideration granted in part, denied in part, 10 FCC Rcd 11494 (1995).

Commission amended the EAS rules to provide financial relief for small cable systems.⁴ The Commission declined to exempt small cable systems from the EAS requirements, concluding that such an exemption would be inconsistent with the statutory mandate of Section 624(g).⁵ However, the Commission extended the deadline for cable systems serving fewer than 10,000 subscribers to begin complying with the EAS rules to October 1, 2002, and provided cable systems serving fewer than 5,000 subscribers the option of either providing national level EAS messages on all programmed channels or installing EAS equipment and providing a video interrupt and audio alert on all programmed channels and EAS audio and video messages on at least one programmed channel.⁶ In addition, the Commission stated that it would grant waivers of the EAS rules to small cable systems on a case-by-case basis upon a showing of financial hardship.⁷ The Commission indicated that waiver requests must contain at least the following information: (1) justification for the waiver, with reference to the particular rule sections for which a waiver is sought; (2) information about the financial status of the requesting entity, such as a balance sheet and income statement for the two previous years (audited, if possible); (3) the number of other entities that serve the requesting entity's coverage area and that have or are expected to install EAS equipment; and (4) the likelihood (such as proximity or frequency) of hazardous risks to the requesting entity's audience.⁸

3. On September 19, 2002, Northwoods filed a request for temporary, 36-month waivers of Section 11.11(a) for the seven captioned cable systems. In support of its waiver request, Northwoods states that these small, rural cable systems serve between 10 and 960 subscribers. Based on price quotes provided by EAS equipment vendors, Northwoods estimates that it would cost approximately \$48,230 to install EAS equipment at these systems. Northwoods asserts that this cost will impose a substantial financial hardship on it and provides its financial statement for 2000 and 2001 in support of this assertion. Further, Northwoods notes that it is currently operating under Chapter 11 bankruptcy as debtor-in-possession under supervision of the Bankruptcy Court.⁹ In addition, Northwoods submits that its subscribers will continue to have ready access to national EAS information from other sources, including its cable systems. Northwoods further submits that its subscribers will have access to EAS information through over-the-air reception of broadcast television and radio stations.

4. Based upon our review of the financial data and other information submitted by Northwoods, we conclude that temporary, 36-month waivers of Section 11.11(a) for the seven captioned

⁴ *Amendment of Part 73, Subpart G, of the Commission's Rules Regarding the Emergency Broadcast System, Second Report and Order*, FO Docket Nos. 91-171/91-301, 12 FCC Rcd 15503 (1997) ("*Second Report and Order*").

⁵ *Id.* at 15512-13.

⁶ *Id.* at 15516-15518.

⁷ *Id.* at 15513.

⁸ *Id.* at 15513, n. 59.

⁹ On January 7, 2002, Northwoods Cable, Inc. filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court, for the Eastern District of Michigan.

systems are warranted.¹⁰ In particular, we find that the estimated \$48,230 cost of EAS equipment for these small cable systems could impose a financial hardship on Northwoods.

5. We note that the Commission recently amended the EAS rules to permit cable systems serving fewer than 5,000 subscribers to install FCC-certified decoder-only units, rather than both encoders and decoders, if such a device becomes available.¹¹ Based on comments from equipment manufacturers, we anticipate that such a decoder-only system could result in significant cost savings to small cable systems.¹²

6. Accordingly, **IT IS ORDERED** that, pursuant to Sections 0.111, 0.204(b) and 0.311 of the Rules,¹³ Northwoods Cable, Inc. **IS GRANTED** a waiver of Section 11.11(a) of the Rules until October 1, 2005 for the seven captioned cable television systems.

7. **IT IS FURTHER ORDERED** that Northwoods Cable, Inc. place a copy of this waiver in its system files.

8. **IT IS FURTHER ORDERED** that a copy of this *Order* shall be sent by Certified Mail Return Receipt Requested to counsel for Northwoods Cable, Inc., Robert L. James, Esq., Cole, Raywid & Braverman, 1919 Pennsylvania Avenue, N.W., Suite 200, Washington, D.C. 20006.

FEDERAL COMMUNICATIONS COMMISSION

Joseph P. Casey
Chief, Technical and Public Safety Division
Enforcement Bureau

¹⁰ The waivers will extend from October 1, 2002, until October 1, 2005. Additionally, we clarify that the waivers we are granting also encompass the EAS testing and monitoring requirements.

¹¹ *Amendment of Part 11 of the Commission's Rules Regarding the Emergency Alert System*, EB Docket 01-66, FCC 02-64 at ¶ 71 (released February 26, 2002).

¹² One manufacturer estimated that an EAS decoder-only system can reduce the cost by 64% over what a cable operator would spend for an encoder/decoder unit. *Id.* at ¶ 70.

¹³ 47 C.F.R. §§ 0.111, 0.204(b) and 0.311.