<u>EXHIBIT C</u>

DECLARATION OF THOMAS R. NATHAN

1. My name is Thomas R. Nathan. My business address is One Comcast Center, 50th Floor, Philadelphia, PA 19103.

2. I am Deputy General Counsel, Senior Vice President, Law & Regulatory Affairs for Comcast Cable Communications ("Comcast"). In this role, I am responsible for assisting Comcast in the development and execution of business plans and policies to help ensure that Comcast complies with applicable legal requirements and obligations arising from the Communications Act of 1934, as amended, and the Federal Communications Commission's ("FCC") rules. I have carefully reviewed the new commercial leased access *Order* released by the FCC on February 1, 2008 ("the *Order*"). I have been working closely with Comcast's various operational units in an attempt to implement the substantial changes to the existing leased access rules and other new requirements and duties established by the *Order*. This declaration is based on my personal knowledge and is submitted in support of the National Cable & Telecommunications Association's motion for a stay of the *Order*.

Introduction And Summary

3. For the reasons discussed below, the operation, financial condition, and market development of Comcast's cable systems will be irreparably harmed if the *Order* is allowed to take effect. The *Order* will also harm Comcast's subscribers and existing programmers.

4. Part I of my declaration shows how the *Order* will harm Comcast by dramatically reducing the rates that it can charge programmers for leased access time and leased access channels. In most cases, the rate will be $0.00; in the remaining cases, the rate will be negligible. The *Order* denies Comcast adequate compensation for the use of

its cable systems (indeed, Comcast will not even be able to recover its associated overhead costs) and effectively forces Comcast and its subscribers to subsidize leased access programming.

5. Part II discusses how the *Order* will encourage persons and entities with little or no programming experience or long-term financial viability to obtain access to as much as 15% of Comcast's cable system channel capacity. This will increase demand for the use of our systems to show programming of dubious quality, value, or market interest. Comcast will have virtually no editorial discretion over such programming. And because all of Comcast's cable systems are already operating at or near full capacity, the *Order* will force Comcast to drop existing programming that has been carefully selected as part of existing programming tiers or "packages" with proven market demand.

6. Part III shows that Comcast faces the imminent loss of existing customers (who are disaffected or offended by these changes) and potential new customers to competing distributors, such as DIRECTV and DISH Network. These competitors are not encumbered by the *Order* and are free to select and offer programming packages that consumers actually prefer. Comcast also faces the loss of business opportunities and diminished goodwill with existing programmers that are displaced to accommodate leased access demands under the *Order*.

7. Finally, Part IV addresses the burdensome new administrative requirements and unrealistic time periods imposed in the *Order* for responding to leased access requests. These new requirements will significantly change and complicate the ways in which Comcast interacts with parties who seek leased access, for no apparent reason. The *Order* also requires Comcast to provide proprietary and competitively sensitive

business information in response to every request for leased access information, without any mechanism for guarding or maintaining the information's confidentiality. Comcast will expend hundreds of thousands of dollars and thousands of employee-hours in attempting to implement the *Order*. These expenditures will never be recovered if the *Order* is ultimately vacated.

I. The *Order* Will Require Comcast To Give Away A Significant Portion Of The Channel Capacity On Its Cable Systems.

8. The *Order* dramatically lowers leased access rates for our systems-- typically by more than 90% -- and will force us to finance leased access programmers at the expense of our own business operations. In particular, the *Order* creates a new formula for calculating leased access rates that pegs a channel's lease value to the *lowest amount* a cable operator pays for existing programming services on a particular tier (or program package). The *Order* also "caps" the new formula's leased access rates for a full-time channel at $0.10 per subscriber per month.

9. Under the existing formula, the leased access rates for our systems average about $0.45 per month per subscriber for a full-time leased access channel. Under these current rates, a leased access programmer could lease a full-time channel on a 10,000 subscriber cable system for an entire month for $4,500, and could lease one hour of time on that same system for $6.25. These existing rates provide leased access programmers with an opportunity to distribute their programming at far less than the market rate for distribution via other means (such as by purchasing time on local broadcast stations).

10. Based on the new required formula (the "marginal implicit fee"), we have calculated leased access rates for a diverse cross section of our systems. Of the twenty systems surveyed, there are a total of 69 tiers that have subscriber penetration levels

eligible for leased access under the Commission's rules. *Out of the 69 tiers run under the required new leased access formula, 60 tiers will have a rate of $0.00 per subscriber per month for full-time leased access channels*. Computations for the other nine tiers produced rates of just a few cents per subscriber per month. Thus, under the *Order*'s new leased access formula, Comcast will be literally giving away scarce and competitively critical channel capacity. *To be clear, the compensation Comcast will receive for its channel capacity in nearly every case will be $0.00 or close to $0.00*.

11. The new formula produces this bizarre and unsupportable result because it erroneously equates the value of a channel to Comcast with the license fee we pay to carry it. Such a calculation fails to recognize that on most programming tiers, Comcast is able to negotiate for a certain number of quality programming channels without paying an "affiliation fee" for some initial period of time. For example, we may have reached an agreement that affiliation fees for a new service will commence in later years, or come to an arrangement to pay increased affiliation fees for an established programming service that is rolling out a new programming service -- but the increase in affiliation fees is not contractually attached to the new programming service. Thus, even though these channels have significant value to Comcast and our subscribers, because they do not presently have an affiliation fee associated with them, they are valued at $0.00 under the formula.

12. Because it assigns no value to channels occupied by services that do not carry a separate identifiable fee, the rate formula imposed under the *Order* fails to account for the value of these existing services in attracting new subscribers or retaining existing subscribers, and is fundamentally flawed. As a result, the new rates will not adequately

compensate Comcast for the use of its cable systems or for the value of networks that are displaced to make room for leased access programming.

13. The new leased access rates allowed under the *Order* are grossly inadequate and confiscatory. The rates are so low that Comcast will not even be able to recover the overhead associated with providing leased access channels (such as employee salaries and administrative costs), much less for anything approaching fair value for use of the channel itself. As explained below, unless the *Order* is stayed, Comcast has little prospect of ever receiving fair compensation for the use of its systems by parties that take advantage of these artificially low rates if the *Order* is later vacated.

II. The *Order* Will Force Comcast To Displace Existing, Quality Programming With Leased Access Programming Of Dubious Quality And Minimal Market Demand.

14. By requiring Comcast to lease channel capacity for free or at negligible rates, the *Order* will permit parties with no commitment to producing quality or sustainable programming and virtually no risk of financial liability to occupy significant portions of our channel capacity. Further, by slashing leased access rates to the point where they are cost-free, the *Order* will inevitably drive up demand for leased access channels and make it much more likely that we will be required to devote the statutory maximum 15% of our channel capacity for leased access. This would mean, for example, that a cable system with 200 video channels would be required to "lease" 30 channels of that capacity for literally or effectively nothing.

15. Historically, leased access programming has been poorly produced, low quality, and of minimal interest to subscribers. Some leased access programming is also adult-oriented and offensive to viewers. Short of pornography, Comcast has virtually no

ability to block or exercise editorial control over the quality or content of leased access programming.

16. As a consequence of the *Order*, Comcast will be forced to discontinue carriage of programming that Comcast, in its editorial judgment, has selected for its desirability and consumer appeal, in order to accommodate such leased access programming. The vast majority of our cable systems are “channel-locked” -- that is, all of the capacity is already being used in one way or another. Because there is no “empty space” for the leased access programming to occupy, any increase in leased access programming will lead to a concomitant reduction of other programming.

17. Under the zero and near-zero rates prescribed by the *Order*, Comcast can expect that it will face enormous demand for leased access and will be required to honor those requests for up to 15% of its channel capacity. Any such demands will require that we displace program networks that we currently carry. Even requests for part-time access, such as one additional hour of leased access per day, may force us to drop a program network from one of our tiers. To comply with the *Order*, therefore, our systems will have to prepare to displace some existing networks almost immediately and notify others that they may be dropped in the near future. Inexpensive and independently-owned program networks that have been recently added to Comcast system line-ups are especially at risk of such displacement. Many of these networks offer diverse ethnic, cultural, and specialized news and sports programming, as well as other programming targeted to “niche” audiences such as senior citizens, “do-it-yourselfers,” nature enthusiasts, history buffs, and so on.

18. The *Order* wrongly presumes that the decision to displace a particular program network from our line-up will be based solely on the amount of revenue that the network generates for a system. In fact, removing an existing channel implicates a host of issues besides revenue generation, including whether our affiliation agreement will allow us to replace the network, the impact that replacing a channel will have on our business relationships, and our ability to satisfy our customers' preferences. Even networks that do not generate large amounts of revenue can be important to our service if they target underserved audiences and have achieved popularity among the subscribers of the particular cable system.

19. Each Comcast system invests enormous efforts in carefully creating programming service tiers that will attract and retain customers. There are numerous factors that we consider in deciding which networks will comprise a service tier, including subscriber interest in program networks, creation of a diverse mix of networks that will appeal to the widespread views and interests of our subscribers, providing alternatives to the line-ups offered by our competitors, the amount of available channel capacity, costs, and the size and content of our tier offerings. We also work hard to develop programming tiers that reflect the interests and sensibilities of our local communities. For instance, systems in areas with large Latino populations carry more Spanish-language channels than systems in areas with different demographics. By forcing Comcast to displace up to 15% of the existing channels on a programming tier to accommodate leased access demands, the *Order* will wreak havoc on these current offerings. The quality, value, and content of our service will be adversely affected,

resulting in the dissatisfaction and loss of current customers and impeding our ability to attract new customers.

20. Importantly, many of the programming services subject to displacement under the *Order* were selected because of their perceived value to current or potential subscribers. And, as Comcast has discussed in numerous other proceedings at the FCC, Comcast is affiliated with *fewer than ten percent* of the program networks that it carries on its systems. By forcing us to drop independent and diverse program networks, the *Order* will substantially reduce our carriage of such networks -- contrary to the explicit goal Congress established in the leased access law.

III. The *Order* Will Cause Irreparable Harm To Comcast, Consumers, and Existing Programmers.

21. If the *Order* is allowed to go into effect, current subscribers will not understand why some of their favorite programming has been displaced in favor of undesirable leased access content. Experience shows that dropping even a single channel agitates our subscribers, leading to hundreds of phone calls, letters, and e-mails from angry or confused customers. In the worst case, some subscribers may terminate their service altogether.

22. Because the *Order* does not apply to our two biggest competitors -- DIRECTV and DISH Network (which now have over 30 million customers between them) -- they will not be required to modify their programming offerings to accommodate the demands of leased access programmers. Instead, these competitors will retain the ability to select and provide programming tiers, packages, and other offerings that consumers actually prefer. By distorting marketplace competition in this way, the *Order*

will harm our ability to serve consumers and will inevitably cause Comcast to lose existing and potential new customers to these rivals.

23. The loss of revenue resulting from the decrease in existing and new customers also will impede Comcast's ability to expand its own competitive service offerings, such as more high-definition channels and more video-on-demand choices. The lost revenue and decreased attractiveness of "bundles" that include video service will likewise hinder investment in our facilities-based phone service, which has already saved consumers hundreds of millions of dollars, as well as in higher-capacity, faster high-speed Internet services for which there is demonstrated marketplace demand.

24. In addition, Comcast will suffer diminished goodwill with program networks that it is forced to drop to accommodate leased access demands under the *Order*. And the *Order* will undermine and complicate our ability to negotiate affiliation agreements with program networks, which will seek to protect themselves from the consequences of the *Order* (i.e., displacement) during contract negotiations.

25. Displaced program networks and consumers will suffer related harms under the *Order*. Networks typically rely on dual revenue streams (affiliation fees paid by cable operators and advertising sales revenue) in their business plans. As a network is displaced for leased access, its revenues from affiliation fees will drop; the lower number of subscribers that the network reaches will diminish the amount that advertisers are willing to pay for advertising on the network. The only way for networks to survive under these circumstances is to raise their affiliation fees for those systems that continue to carry them in order to make up lost revenue. These higher affiliation fees to cable operators will be passed on to consumers in the form of higher monthly bills.

26. By permitting free or virtually free, no-risk access to Comcast's cable systems, the *Order* ensures dramatically increased demand for leased access, resulting in the continual addition of leased access programming and the displacement of other program networks. This will confuse and annoy customers, and make it virtually impossible for Comcast to provide accurate or current information about its channel line-ups to existing and potential subscribers, as well as to advertisers. It will also necessitate frequent revision and reprinting of marketing and promotional materials, modifications to electronic channel guides, and complicated changes to the instructions provided to our customer service representatives, who need to be prepared to respond to any inquiries or complaints lodged by subscribers.

27. For all of these reasons, Comcast faces the imminent loss of customers, goodwill, and business opportunities if the *Order* becomes effective. The requested stay of the *Order* is vitally necessary to protect Comcast from these irreparable harms.

IV. Comcast Will Never Recoup The Substantial Administrative Costs And Burdens Of Implementing The *Order* If It Is Ultimately Vacated.

28. The *Order* also imposes extraordinary administrative burdens that are unrealistic, unnecessary, and unworkable. Our systems will be obligated to produce several times the amount of information currently required in response to a request for information from a prospective leased access programmer and *in less than one-fifth of the time*. These changes will significantly alter and complicate our interactions with leased access programmers. Nothing in our experience with leased access programmers under the existing rules justifies such burdensome new requirements.

29. Specifically, the *Order* will require each of our more than 600 systems to produce the following information within three business days of when a request for leased access is made:

> (a) a description of its process for requesting leased access channels;
>
> (b) the geographic levels and subscriber tiers on which it is technically possible for the system to place leased access programming;
>
> (c) the number, location, and time periods available for each leased access channel;
>
> (d) whether the leased access channel is currently occupied;
>
> (e) the system's full-time and part-time leased access rates;
>
> (f) a comprehensive explanation of how those rates were calculated;
>
> (g) the rates the system charges for technical and studio costs;
>
> (h) whether the leased access programmer can be included in the system's electronic programming guide;
>
> (i) a description of the ways the programmer can deliver the programming to the system and the instructions, technical requirements, and costs for each of these methods; and
>
> (j) information about when the system can begin showing the prospective programmer's content.

30. The *Order* will also require us to provide additional, sub-categories of information within the same unrealistically short time period. For instance, instead of simply stating which channel or channels are available for leased access, the *Order* will require us to provide a detailed explanation of:

> (a) the number of channels the system can be required to clear for leased access use;
>
> (b) the availability of those channels on a full-time or part-time basis;
>
> (c) the service tier on which each channel is located;
>
> (d) the number of subscribers to each of these tiers;

> (e) whether the channels are currently used for non-leased access programming; and
>
> (f) how quickly the channel can be made available to the prospective leased access programmer.

31. In addition, the *Order* will require us to provide each prospective lessee with a sample leased access contract, which must include a cost breakdown for any terms and conditions that require the payment or deposit of funds, such as insurance and deposit requirements, fees for handling or delivery, and any technical or equipment fees. We also must prepare -- *prior* to receiving a specific leased access request -- an explanation and justification of each system's policy with regard to so-called "non-monetary terms and conditions" of the contract (such as those dealing with channel and tier placement, access to electronic program guides, video-on-demand, etc.). These "justifications" will be system-specific and time intensive -- and must be provided along with the rest of the sample contract within three business days of the initial information request.

32. The *Order* also mandates that we disclose to prospective leased access programmers --without adequate protections -- information that is proprietary and highly confidential. For instance, we do not publicly reveal the number of subscribers to each tier of each system, and the FCC has accorded such information enhanced confidentiality protections in the rare instances when it has felt it necessary to review this information. If competitors had access to these numbers, they would be able to glean how successful our programming line-ups and pricing strategies have been in attracting customers, as well as how dropping a program network affects our subscribership levels over time. Release of this information would place us at a substantial disadvantage vis-à-vis our competitors, some of which are not subject to the *Order* and therefore not required to

release this type of information, but which will be able to use this information to target us competitively.

33. Given the sheer volume, complexity, and confidentiality of information required under the *Order*, it is unrealistic for the FCC to expect a cable system to be able to respond to every leased access request within three business days. Yet, the penalty for failing to do so is steep. The FCC has said that it will impose a $500 penalty per system for every day that a response to any particular leased access request is late.

34. Because we only have 90 days from the time the *Order* is officially published (or until OMB approves the rules) before the rules become effective, Comcast has already started mobilizing the massive efforts to implement the internal controls, processes, and other administrative steps necessary to attempt to comply with this onerous regulatory scheme. We are gathering information and calculating new leased access rates for each of our more than 600 systems. However, it turns out that a large percentage of the information that we must produce in response to a request for information is subject to change -- some of it on a weekly or daily basis (e.g., as channel line-ups are altered). So, no matter how much work we frontload, there will continue to be heavy burdens on our systems' personnel.

35. Due to the increased administrative burdens imposed under the *Order*, we anticipate that in the first year it will take a minimum of 185 hours -- the equivalent of four-and-one-half work-weeks -- for *each of our more than 600 systems* to prepare to respond within three business days to leased access requests and to update much of the information regularly. It is very likely the total annual system burden hours will substantially exceed this estimate because many of our systems have separate channel

line-ups for various geographic areas within a single system. Therefore, separate leased access rate calculations will need to be undertaken for each channel line-up.

36. Simply stated, the regulatory regime imposed by the *Order* is burdensome in the extreme and punitive. If the *Order* becomes effective but is later vacated, Comcast will never be able to recoup the lost value of its prime asset, the goodwill of its customers and program networks. Further, Comcast will never be able to recoup the thousands of employee-hours that will be required in the first few months of attempting to comply with these new requirements. The requested stay is thus vitally necessary to protect Comcast from these additional harms.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 27 th day of March, 2008.

Thomas R. Nathan

Thomas R. Nathan

DECLARATION OF JOSEPH MASSA IN SUPPORT OF REQUEST OF NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION FOR STAY

I, Joseph Massa, declare and state as follows:

1. I am Vice President, Regulatory Compliance of Cablevision Systems Corporation ("Cablevision"). As Vice President of Regulatory Compliance, I have responsibility for the preparation, analysis and review of all short and long-term regulatory compliance planning for Cablevision's cable systems. My duties include overseeing the financial, accounting, and compliance aspects of all Federal Communications Commission ("FCC") rate justification forms, including Form 1205, Form 1240 and Form 1210 filings submitted by Cablevision to Federal and Local regulatory bodies and for calculating Cablevision's leased access rates. I am providing this Declaration in support of the National Cable & Telecommunications Association's Request for a Stay of the *Order* released in the above captioned proceeding on February 1, 2008. Cablevision is a member of NCTA. I have reviewed the *Order* and discuss here its likely effects on Cablevision.

2. Cablevision operates in an extremely competitive video marketplace. All of our systems compete with at least two DBS operators, EchoStar's Dish Network and DIRECTV, and in a substantial number of systems we face additional competition from either Verizon's FiOS service or AT&T's U-verse service.

3. While we currently make channels available for leased access programming in accordance with the requirements of the Communications Act and the FCC's regulations, the new leased access rate formula established in the *Order* would essentially require us to make channels available at or near a rate of zero. The availability of free channels would inevitably result in a substantially larger number of persons coming forward to use leased access, far in

excess of the number of programmers who would seek leased access channels if they were priced at rates that reflect their true economic costs. Indeed, the Commission itself has stated that the new rate formula is intended to increase the demand for leased access channels.

4. Implementation of the *Order* will inflict at least four significant forms of harm on Cablevision: (1) the imposition of a leased access channel rate formula that will not enable us to recoup our costs of providing such channels, resulting in a loss that we are unlikely to be able to recoup from most if not all of the new leased access programmers that come forward in response to the new rate formula, even if the *Order* is later overturned and the existing rate formula reinstated; (2) an influx of new leased access programmers, lured by a zero rate, will force us to continuously revise our channel line-ups, creating customer confusion and dissatisfaction and potentially driving them to other multichannel video distributors not subject to leased access requirements; (3) we could be forced to provide extremely confidential, current proprietary business information to potential channel lessees, resulting in the release of this information into the marketplace; and (4) we will incur irrecoverable out-of-pocket costs associated with implementing the *Order* in the required time frame. All of these effects on our service and our competitive position are exacerbated because only cable operators, not their competitors such as DBS operators, are subject to the requirement to offer leased access.

5. Each of these effects is discussed in greater detail below.

<u>Unrecoverable Costs Imposed by Imposition of Noncompensatory Rate Formula</u>

6. We stand to suffer serious and irreparable harm from the new rate formula set forth in the Order. While we currently make channels available for leased access programming in accordance with the requirements of the Communications Act and the FCC's regulations, the formula established by the *Order* results in a rate of $0.00 - $0.01 per subscriber per month for

Cablevision, depending on the individual cable system. This is a drastic reduction of over 99.9% from the rates generated by the FCC's current formula. It essentially requires us to offer the channels for free and subsidize leased access programmers' business at the expense of our own ability to use the channels to enhance our competitive market position.

7. The *Order* states that in determining where to put leased access channels, the Commission assumes that cable operators will "elect to replace one of the channels with the lowest implicit fee." This assumption is erroneous with regard to Cablevision's cable systems. Rather, a decision about which channel to replace would be based not solely on the revenue produced by that channel, but on an examination of the contractual provisions that allow us such flexibility, an examination of our business relationships, our customers' preferences, legal requirements and numerous other factors. A channel that produces very little revenue for us can still be critical to our line-up if, for example, it is extremely popular among our subscribers or it targets a particular ethnic niche or subject that is of particular interest to the subscribers to a particular cable system. Further, Cablevision does not necessarily have the contractual right to drop the channel with the lowest implicit fee on a particular cable system. Therefore, the Commission's formula, which assumes that the channel with the lowest implicit fee will be the one dropped, will not result in a rate for Cablevision that in any way "reflects the value of the channel replaced."

8. If the *Order* is reversed, we will not be able to recover from leased access uses the difference between the rates established by the *Order* and those established under the current formula. Even under the current rate formula, our leased access users are generally individuals or small businesses with a very limited cash flow. Under the prior rules, however, they at least had to have sufficient resources to pay the average implicit fee for a leased access channel. If we

are compelled to make channels available for free or at a near-zero rate, it is likely that many or even most of the new lessees coming forward in response to this artificially low rate will be entities that lack the resources to pay the lease fee if it were calculated under the prior rules and would not be able to do so if the prior rules are reinstated.

9. Although the Commission states that this new rate formula allows cable operators to "replace an existing channel from its cable system with a leased access channel without experiencing a loss in net revenue," this will not be true with regard to Cablevision. Rather, we derive revenue and benefit from every channel on the system we voluntarily carry that is substantially in excess of $0.01. Being forced to substitute existing channels with leased access channels from which we derive essentially no revenue or subscriber benefits will result in a substantial unrecoverable loss of revenue for our cable systems with regard to those channels.

Rearrangement of Channel Line-Ups and Resulting Customer Dissatisfaction

10. Cablevision groups the majority of its video program offerings into service tiers. The program groupings are the result of careful decisionmaking, based on such factors as subscriber interest in specific programming services, the mix of programming that will most appeal to our many different viewers, our competitors' offerings, the size and content of our various tiers, channel-capacity constraints, legal requirements and cost factors. The quality, value and contents of our service and our customers' experience with our products and customer service are critical to our competitive success in the marketplace. If we fail to provide an attractive mix of video services or if disruptions to channel line-ups create customer confusion or the loss of desired programming, we risk losing existing subscribers and our ability to attract new subscribers is hampered.

11. Forcing us to make leased access channels available at or near a price of zero will inevitably result in a substantial number of persons coming forward to use leased access, far in excess of the number of programmers who would seek leased access channels if they were priced at rates that reflect their true economic costs.

12. The increased demand for leased access channels that will result from the artificially low rates established by the *Order* will force Cablevision to dedicate increased channel capacity to leased access channels. Cablevision's channel capacity is a valuable and limited resource. Such capacity is currently being used for the delivery of products or services or has been earmarked for the launch of other new produces and services, which are vital to its competitive position. Cablevision's primary method for increasing its channel capacity is by reducing the number of analog services it carries and redeploying such bandwidth using digital technology. Thus Cablevision is attempting to recapture analog bandwidth so it can be dedicated to the rapid roll-out of HD services – which are a competitive necessity – and other bandwidth-intensive, interactive services. Dedicating increased capacity to leased access channels could result in the cancellation of current plans to launch new services or could force Cablevision to take additional measures to recapture additional analog bandwidth, either of which could have a significant negative impact on its competitive position.

13. Leased access channels must be carried on a tier subscribed to by at least 50% of our customers (the "50% Penetration Requirement"). Only a limited number of tiers offered by Cablevision satisfy the 50% Penetration Requirement, and such tiers are, by definition, the most popular tiers. If we are suddenly forced to turn over significant numbers of additional channels to leased access users, it could wreak havoc on the programming line-ups of tiers satisfying the

50% Penetration Requirement. The competitive damage and damage to our business relationships that could result is incalculable.

14. Rearranging our channel line-ups to add new leased access programmers also will cause significant inconvenience and disruption for our customers and create dissatisfaction with our service. Customers generally disfavor any changes to our channel line-ups, often because they are accustomed to receiving certain services on a particular channel position or being able to receive programming as part of the tier of service to which they subscribe, and are very unhappy if they have to hunt for their preferred programming or find it is no longer available in their service package. The addition of only one leased access channel to the cable system can cause significant disruption and force the displacement and rearrangement of multiple other channels on the system; the addition of multiple channels in response to the artificially low rate will create a cascading effect that will confuse and frustrate customers looking for their favorite channels in familiar places. Channel line-up changes always result in substantially increased activity at our call centers due to heightened customer confusion.

15. The likelihood that the *Order* will result in heightened consumer disruption is magnified because the Commission allows leased access programmers to start and stop their programming at any time, and so changes to our channel line-ups could be required very frequently in each of our cable systems. Such rearrangement would also disrupt our marketing materials, channel guides, and other promotional efforts, and put a heavily increased burden on our Call Center representatives, who would find it more difficult and complicated to respond to customer service inquiries.

16. The effects of this confusion on our business will be heightened because consumers generally will be less satisfied with the addition of numerous leased access channels

than they would be with programming services we select to enhance our customers' viewing experience. Many of the programs offered on leased access do not have wide appeal among our subscriber base -- for example, a foreign-language programming service targeting a particular ethnic group. If we chose to carry such a service, we would place it on a tier in a higher level of service so that subscribers could elect to receive it, rather than dedicate one of the channels on a tier satisfying the 50% Penetration Requirement, but we do not have that flexibility here. Some leased access programming -- such as channels describing escort services or other content not appropriate for a general audience -- may actually offend our viewers, but we will have no choice but to put it on a tier received by the majority of our subscribers. Other leased access programming, such as home shopping or infomercial programming, may simply be duplicative of other leased access programming, and thus of limited use in attracting new subscribers and retaining current subscribers. Moreover, the leased access programmers emerging in response to the near-zero rate will not have established business models or any real need to develop programming designed to attract viewers, since the expense of leasing time on the system has been virtually eliminated.

17. Forcing us to dedicate additional channels to leased access programmers will also impede our ability to launch or improve other services that require dedicated bandwidth, such as voice service and wideband Internet access. Capacity used for leased access is simply capacity that is rendered unavailable for these offerings.

18. The *Order* also makes it more difficult for us to negotiate contracts with non-leased access programmers on an ongoing basis, since those programmers will know that their continued carriage may be in jeopardy if a leased access programmer demands carriage and we must make space available. Because most of our voluntarily carried programming services are

full-time, a leased access demand for even an hour a day can disrupt plans to add an additional programmer to the system. It is also possible that programmers with whom we currently have a contractual relationship will seek to abandon those contracts and use leased access instead (a possibility the FCC acknowledged in the *Order* with respect to Home Shopping channels) or will decide to use leased access when it comes to launching new services.

19. The displacement, confusion, and disruption caused by the artificially inflated demand for leased access channels will result in a substantial loss of consumer goodwill, a loss of subscribers, and a burden on our efforts to acquire new subscribers. In the highly competitive marketplace in which we operate, the damage to our business is incalculable.

Release of Confidential Information

20. The *Order* requires us, as part of the response to potential leased access programmers making inquiries about leased access time, to respond with a "schedule and calculation of leased access rates" that includes "a separate calculation detailing how each rate was derived pursuant to the revised rate formula" the *Order* adopts. To comply with this requirement, we might be forced to reveal extremely confidential business information that is both commercially and financially sensitive and that we would not in the normal course of business reveal to the public or our competitors. To the contrary, we take vigorous steps to safeguard such information from disclosure.

21. Calculation of the new leased access rate is based on the monthly per subscriber affiliation fee paid by us to every programmer on the tier where the leased access programming would be placed. The rates we pay our affiliates is among the most proprietary business information we possess. Consequently, the vast majority of our affiliation agreements include confidentiality clauses proscribing the disclosure of, among other things, our rates. Further, the

Cablevision routinely seeks to protect disclosure of such information if we are required to disclose it to Federal or Local regulators or in judicial or administrative proceedings. If we were forced to release this information, it would cause serious, irreversible and ongoing harm to our affiliate relationships.

22. The *Order* also requires us to provide, to any person making an initial inquiry, the "number of customers subscribing to each tier containing leased access channels." Our subscriber numbers, and the take rates for each tier of service, are similarly data we routinely and vigorously protect from public distribution because they intimately reflect the success of our business in terms of decisions to add or delete services, group services in particular ways, or otherwise respond to competitive pressure.

23. Release to the public of the type of information required by the *Order* would place us at an unrecoverable business disadvantage vis-à-vis our competitors, who are not subject to leased access requirements and will not be required to release this type of information. Access to this information will allow our competitors to create and market service offerings specifically designed to target our perceived weaknesses, and to continuously monitor their success by requesting and receiving our subscriber numbers.

Administrative Burden

24. Finally, the *Order* also imposes significant administrative burdens on our cable systems. To comply with the *Order*, we must start preparing well before the date the *Order* requires us to be in compliance. Moreover, because this process will direct efforts away from normal operations, including customer service duties, it could result in additional service disruptions and create additional customer inconvenience and annoyance. We are required to undertake the following efforts:

a. Information for Responses to Requests for Leased Access Information.

To comply with the *Order*, we must assemble a large number of documents that we must distribute if a potential leased access programmer makes an inquiry about leasing time on the system. These documents are largely system-specific; they must be created and assembled for each cable system we own. Much of the information we must provide is not readily available; it must be created specifically for this purpose. For example, the *Order* requires us to create and provide as an explanation of all the terms and conditions in the standard contract with programmers; create an explanation and description of why, from a technical standpoint, we distribute services on a cable system to certain geographic areas, and comply with other numerous requirements. Because some of the required information is constantly changing in each cable system -- for example, the schedule of exactly what hours are being used on each cable system for leased access, a schedule that changes at least monthly and sometimes more often -- meeting these requirements will require significant time and effort on a continuous basis for our staff. We estimate that creating and updating the package of materials we are required to provide to any potentially interested party will require an initial 80 hours of work for each of our cable systems, or a cost to the Cablevision of $1,560 per cable system, as well as an ongoing cost of $984 per month per cable system, for a total cost of $260,000 per year. In addition, to comply with these requirements, Cablevision will incur legal fees of approximately $20,000. This money cannot be recovered if the *Order* is later found to be unjustified.

b. Timeliness of Responses to Requests for Information.

The *Order* requires that once these documents are created and assembled, we respond to requests for them within three business days or face significant fines. Especially given the increased number of leased access inquiries that is expected to result from the *Order*, this requirement will place a tremendous administrative burden on our personnel. We estimate it will require 168 hours per week to comply with this requirement. Because we currently lack the resources to fulfill this requirement, we would be required to hire a full-time coordinator, at a cost of roughly $60,000 per year. In additional, fulfilling these requirements would result in roughly $50,000 per year in incremental operational costs.

c. Timeliness of Negotiations.

The *Order* requires us to negotiate with leased access programmers that wish to deviate from our standard terms and conditions of access and to respond to each proposed contract change within ten days. Because we do not have personnel dedicated to negotiating leased access, this, too, could pose a serious burden on our personnel, especially if we are negotiating multiple such contracts at the same time on each of our cable systems. This burden is heightened because leased access programmers frequently are not familiar with standard industry terms and practices and their demands can be outlandish. One recent such negotiation, for example, took 50 hours of company time, as well as outside counsel fees of more than $30,000.

Conclusion

The financial and administrative burdens placed on us by the *Order* go well beyond what we are currently required to do to comply with leased access and, combined with the increased number of leased access users the *Order* is intended to create, will actually interfere with the ongoing operations of our cable systems.

I hereby declare, under penalty of perjury, that the factual information contained herein is true to the best of my knowledge, information and belief.

Joseph Massa
Vice President, Regulatory Compliance

March 6, 2008

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	MB Docket No. 07-42
Leased Commercial Access	)	

DECLARATION OF ROBERT C. WILSON IN SUPPORT OF REQUEST OF NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION FOR STAY

I, Robert C. Wilson, declare and state as follows:

1. I am Senior Vice President of Programming for Cox Communications, Inc. ("Cox"). As part of my duties in this position, I am responsible for overseeing the negotiations for and distribution of programming content across all Cox cable systems and providing strategic direction for the makeup of the various programming packages, specialty networks and market-targeted or niche programming offered by the various Cox systems, and securing content for advanced video platforms such as video on demand and high definition. I am providing this Declaration in support of the National Cable & Telecommunications Association's Request for a Stay of the *Order* released in the above captioned proceeding on February 1, 2008. Cox is a member of NCTA and participated through *ex parte* comments in the proceeding below. I have reviewed the *Order* and discuss here its likely effects on Cox.

2. The *Order* seeks to artificially create demand for "leased access", the commercial use of channel capacity (up to 15% of total channel capacity) on cable television systems by video programmers unaffiliated with the cable operator. Leased access is a construct of the Communications Act, as amended by the 1992 Cable Act. The statutory purpose of leased access is to promote "competition in the delivery of diverse sources of video programming" but

"in a manner consistent with the growth and development of cable systems." The Act expressly instructs the Commission to set rates sufficient to "assure that [leased access] will not adversely affect the operation, financial condition, or market development of the cable system." Furthermore, cable operators are authorized under the Act to use any unused channel capacity set-aside for leased access for other services and they have done so over the more than 10 years that the current leased access scheme has been in place.

3. Cox currently carries about 250 channels of programming around the country in which Cox has no ownership interest. Cox also consistently provides, through its own local origination channels, programming that is targeted to serve specific needs of our communities. For example, Cox's largest system in Phoenix voluntarily offers four programming channels -- two programmed by the local colleges, one dedicated to legislative coverage, and the other programmed by Cox covering topics of local interest including local politics, high school sports and other community "lifestyle" programming. A smaller Cox system in Middle Georgia provides a locally originated channel that explores local news issues and airs a series of mini-documentaries on local cultural events and stories. And most recently, our Cox Las Vegas system organized and aired, on a channel it dedicates to local origination programming, a town hall meeting addressing the outbreak of violence in Las Vegas schools.

4. The rich array of diverse cable programming available to customers has grown exponentially over the years as a result of widespread satellite delivery. These programming channels are sustained through a combination of advertising revenue and license fees received from cable operators such as Cox and other multi-channel video programming distributors – both byproducts of compelling, unique programming.

5. While we currently make channels available for leased access programming in accordance with the requirements of the Communications Act and the FCC's regulations, leased access has done little to contribute diverse, independent programming to our cable lineup. Relatively few entities have sought such channels on the Cox systems, and those that have generally seek to drive viewers to spend money by purchasing products and services advertised in the programming or on websites advertised in the programming.

6. The historically low demand for leased access is not surprising (and not unexpected by Congress in establishing the scheme), given the fact that leased access programmers are required under the Act and the current FCC rules to pay for access to channels on the cable system to distribute content that generally is not as compelling or competitively viable as programming services already distributed by cable operators that appeal to a wide range of viewers and advertisers.

7. The new leased access marginal rate formula established in the *Order* will artificially spur demand for leased access by a wave of new prospects above and beyond the predominately sales-oriented programmers currently taking advantage of it. By essentially requiring us to make channels available (up to the set aside capacity) at or near a rate of zero, far below the true economic cost of providing such channels, there is every incentive for new leased access programmers to emerge for no other reason than because it costs them nothing to occupy a channel. Indeed, the Commission itself has stated that the new marginal rate formula is intended to increase the demand for leased access channels, and according to the statements of the majority of the Commissioners, there was very little consideration of the actual impact of the new formula on the growth and market development, competitive position or financial condition of the cable operator. And in failing to make these assessments, the *Order* jeopardizes Cox's

ability to provide most if not all of the locally originated programming channels we currently provide and our ability to meet customer demand for other compelling content and advanced services such as high definition.

8. Implementation of the *Order* will irreparably harm Cox in at least four ways. First, forcing us to make leased access channels available for free will destroy the carefully constructed line-up of channels on our service tiers by likely flooding it with new leased access programmers. Given the capacity constraints on our systems, we will not simply be able to add these leased access channels to an existing analog tier. In fact, Cox has already migrated to a digital service tier virtually all channels that our carriage agreements permit. It is highly likely, therefore, that we will have to drop at least some of the displaced programming from our systems entirely, flouting our obligations under our carriage agreements. In particular, to meet the expected demand for leased access time that must be provided for free, approximately 10 channels would have to be moved from the expanded basic analog tier and replaced with programming of little or no interest to our subscribers. And in the systems that have an option of placing leased access on digital (currently only roughly half of our systems), allocation of bandwidth to a flurry of leased access users will come at the expense of new digital services that customers are demanding for Cox to remain competitive. The resulting customer confusion and dissatisfaction with such drastic lineup changes and likely questionable content will potentially drive subscribers to other multichannel video distributors not subject to leased access requirements, thus causing material and irreparable harm to the value of our systems.

9. Second, the new confiscatory leased access channel rate formula will not enable us to recoup our costs of providing such channels, and most if not all of the new leased access programmers that gain access to our systems using the new marginal rate formula will be unable

to compensate us for the use of these channels even if the *Order* is overturned and the existing rate formula reinstated.

10. Third, the *Order* will force us to provide extremely confidential, current proprietary business information to potential channel lessees, resulting in the release of this information into the marketplace.

11. Finally, we will incur irrecoverable out-of-pocket costs associated with implementing the *Order* in the required time frame.

12. All of these effects on our service and our competitive position are exacerbated because only cable operators, not their competitors such as DBS operators, are subject to the requirement to offer leased access.

13. Each of these effects is discussed in greater detail below.

Substantial Displacement of Existing Programming and Resulting Harm to Business

14. The marginal rate formula established by the *Order* is expected to yield a 1000% increase in use of leased access with an approximate 100% reduction in the leased access rate.

15. For three out of four of the Cox cable systems sampled – Cox Northern Virginia (Fairfax County, VA), Cox San Diego and Cox Central Florida (Gainesville, FL) – the actual rate produced by the new formula is $0.00 per subscriber per month, and $0.04 per sub/month in the Cox Gulf Coast (Pensacola, FL) system. This is a drastic reduction of over 90% to 100% from the rates generated by the FCC's current implicit rate formula. The new formula essentially requires us to offer our system channels for free and to subsidize leased access programmers' businesses at the expense of our own ability to use the channels to meet customer demand for new services and compete in the video marketplace.

16. Forcing us to make leased access channels available at or near a price of zero will result in substantial new demand for leased access, far in excess of the number of programmers who would seek leased access channels if they were priced at rates that reflect their true economic costs. We expect that this demand will greatly exceed the 15% of channel capacity, the maximum capacity we are required by law to designate for this purpose. And, because we will be forced to drop existing program services to make room for the new leased access programming the *Order* will introduce instability in our lineups that we have carefully constructed over the years taking into account our expectations for leased access demand that have been shaped by more than ten years of operating under the same leased access scheme.

17. Cox, like other cable operators, groups the majority of its video program offerings into service tiers. The service tiers for each system are the result of careful decisionmaking, based on such factors as subscriber interest in specific programming services, the mix of programming that will most appeal to our many different viewers, our competitors' offerings, the size and content of our various tiers, channel-capacity constraints, and cost factors. The quality, value and content of our service, and our customers' experience with our products and customer service, are critical to our competitive success in the marketplace. If we fail to provide an attractive mix of video services or if disruptions to existing channel line-ups create customer confusion or the loss of desired programming, we risk losing existing subscribers and our ability to attract new subscribers is hampered.

18. Our cable systems have made optimal use of our channel capacity over the years to offer an array of compelling video programming offerings and functions, as well as high speed internet and telephone services. Our systems have little to no unused channel capacity and any available capacity is tapped to meet the demands of our subscribers by launching other new

products and services or improving the quality of existing services, such as the speed at which our high speed internet service operates. Every programming decision we make, therefore, is considered in the light of this finite capacity. The ability to make sound decisions and tradeoffs is vital to our competitive position. The assumption in the *Order* that it is an even or fair trade to squeeze out new HD content or valuable locally originated programming for leased access programming such as the Naked News Network in Phoenix, or demonstrations in Farsi of how to strap explosives to one's body in Orange County, is a complete miscalculation of the far-reaching adverse impact that Cox and its customers will experience under the new leased access rules.

19. Given the requirement to carry leased access channels on a tier subscribed to by at least 50% of our customers (the "50% penetration requirement"), the effect of the *Order* would be to destroy the carefully constructed line-up of channels on our most popular tiers by forcing us to remove on average approximately 10 channels from a programming tier and replace them with less compelling leased access programming. We will either have to drop the programming services that currently occupy those channels or move them to a digital tier, which in most cases is contrary to our carriage agreements and where they will not be viewable by all of the subscribers that currently enjoy them. Additionally, we will not meet subscriber expectations because we will have to forego the opportunity to better serve our customers. Capacity used for leased access is simply capacity that is rendered unavailable for the launch of new services or the improvement of other services that require dedicated bandwidth such as HD service and wideband Internet access. The resulting customer confusion and dissatisfaction will potentially drive subscribers to other multichannel video distributors not subject to leased access requirements.

20. Coupled with the new marginal rate driving leased access demand, the 50% penetration requirement will also have the perverse effect of requiring us to expand the analog tier on some of our systems, at a time when we are trying to encourage the transition to digital video. Indeed, when we add new channels to our lineup, we generally add them to our digital tier. Although our systems still offer a mix of digital and analog programming, digital channels use substantially less bandwidth than analog channels, meaning that we can add multiple digital channels in the same space that only one analog channel would occupy. For some time, the services on our analog tier have remained relatively static; new services are added to the digital tier and indeed, most new programming services entering the marketplace today are digital services.

21. The 50% penetration requirement effectively precludes us from adding leased access channels to a digital tier in any of our systems where digital penetration is less than 50%. We estimate that half of our systems have not yet reached this level of digital penetration. The addition of only one analog leased access channel to the cable system would cause significant disruption and force the displacement and rearrangement of multiple other channels on the system. The addition of multiple analog channels in response to the artificially low (or even zero) leased access rate will create a cascading effect that will confuse and frustrate customers looking for their favorite channels in familiar places, distorting the customer's perceived value of the programming tiers to which they subscribe. For example, trading out channels dedicated to local news or community forums and niche cable programming channels popular with specific market segments or minority groups in the community (such as Every Day Heroes, Cox Connecting with Kids or Cox's Game of the Week) for more leased access channels that, without the benefit of a license fee or advertising revenue, will likely consist of programming that

includes some combination of home shopping, infomercial or borderline pornography programming seeking to drive viewers to spend money, is certain to raise doubts among customers that they are getting the same value for their cable subscription.

22. The *Order* does not consider the impact of customers losing access to their favored programming or being forced to spend additional money to purchase the new tier of service to which it has been relocated, if in fact we are able to find limited available channel space for the displaced programming on another tier. Even having to move programming from one channel to another creates customer ill-will. Channel line-up changes always result in substantially increased activity at our call centers due to heightened customer confusion.

23. The *Order* states that in determining where to put leased access channels, the Commission assumes that cable operators will "elect to replace one of the channels with the lowest implicit fee." This assumption is erroneous with regard to Cox's cable systems. Rather, a decision about which channel to replace would be based not solely on the revenue produced by that channel, but also on an examination of the contractual provisions that allow us such flexibility, an examination of our business relationships, our customers' preferences, and numerous other factors. A channel that produces very little revenue for us can still be critical to our line-up if, for example, it is extremely popular among our subscribers or if it targets a particular ethnic niche or subject that is of particular interest to our viewers on a particular cable system. The Commission's new formula therefore, which assumes that the channel with the lowest implicit fee will be the one dropped, does not in any way "reflect the value of the channel replaced."

24. Because Cox has very little editorial control over the content on leased access channels, some leased access programming -- such as channels describing escort services or

other content not appropriate for a general audience -- may actually offend our viewers. Nonetheless, we will have no choice but to put it on a tier received by the majority of our subscribers. Other leased access programming, such as home shopping or infomercial programming, may simply be highly duplicative of other leased access programming, and thus is of limited use in attracting new subscribers and retaining current subscribers. Moreover, the leased access programmers emerging in response to the near-zero rate will not have established business models or any real need to develop programming designed to attract viewers, since the expense of leasing time on the system has been virtually eliminated.

25. The disruption to our business from the *Order* will be magnified because the Commission allows leased access programmers to start and stop their programming at any time. As a result, changes to our channel line-ups could be required very frequently in each of our cable systems. Such rearrangements would also disrupt our marketing materials, channel guides, and other promotional efforts, and put a heavily increased burden on our call center representatives, and potentially our local government affairs representatives, who would find it more difficult and complicated to respond to customer service and local franchising authority inquiries.

26. The *Order* also makes it more difficult for us to negotiate contracts with non-leased access programmers on an ongoing basis, since those programmers will know that their continued carriage may be in jeopardy if a leased access programmer demands carriage and we must make space available. Because most of our voluntarily carried programming services are full-time, a leased access demand for even an hour a day can disrupt plans to add an additional programmer to the system. It is also possible that programmers with whom we currently have a contractual relationship will seek to abandon those contracts and use leased access instead. In

particular, those programmers that currently pay Cox for access to our subscribers (such as the established home shopping networks) will have every incentive to make superficial changes to their programming formats to claim a leased access channel under the new "zero" rate formula.

27. The displacement, confusion, and disruption caused by the artificially inflated demand for leased access channels will result in a substantial loss of consumer goodwill, a loss of subscribers, and a burden on our efforts to acquire new subscribers. In the highly competitive marketplace in which we operate, the damage to our business is incalculable.

Unrecoverable Costs Imposed by Imposition of Noncompensatory Rate Formula

28. If the *Order* is reversed, we will not be able to recover the difference in rates from these leased access programmers. Even under the current rate formula, our leased access programmers are generally individuals or small businesses with a very limited cash flow. Under the prior rules, however, they at least had to have sufficient resources to pay the average implicit fee for a leased access channel. If we are compelled to make channels available for free or at a near-zero rate, it is likely that many or even most of the new lessees coming forward in response to this artificially low rate will be entities that lack the resources to pay the lease fee if it were calculated under the prior rules and would not be able to do so if the prior rules are reinstated.

Release of Confidential Information

29. The *Order* requires us, as part of the response to potential leased access programmers making inquiries about leased access time, to respond with a "schedule and calculation of leased access rates" that includes "a separate calculation detailing how each rate was derived pursuant to the revised rate formula" the *Order* adopts. To the extent the Commission envisions disclosure of a breakdown of individual programming costs to comply with this requirement, we would be forced to reveal extremely confidential business information

that is both commercially and financially sensitive and that we would not in the normal course of business reveal to the public or our competitors. To the contrary, we take vigorous steps to safeguard such information from disclosure.

30. Calculation of the new leased access rate is based on the monthly per subscriber affiliation fee paid by us to every programmer on the tier where the leased access programming would be placed. What we pay our affiliates is among the most proprietary business information we possess. Cox's affiliation agreements contain confidentiality clauses barring the release of such information by either party. Release of this information would cause serious, irreversible and ongoing harm to our affiliate relationships.

31. The *Order* also requires us to provide, to any person making an initial inquiry, the "number of customers subscribing to each tier containing leased access channels." Our subscriber numbers, and the take rates for each tier of service, are similarly data we routinely and vigorously protect from public distribution because they intimately reflect the success of our business in terms of decisions to add or delete services, group services in particular ways, or otherwise respond to competitive pressure.

32. Release to the public of the type of information required by the *Order* would place us at an unrecoverable business disadvantage vis-à-vis our competitors, who are not subject to leased access requirements and will not be required to release this type of information. Access to this information will allow our competitors to create and market service offerings specifically designed to target our perceived weaknesses, and to continuously monitor their success by requesting and receiving our subscriber numbers.

Administrative Burden

33. Finally, the *Order* also imposes significant administrative burdens on our cable

systems. To comply with the *Order*, we must start preparing well before the date the *Order* requires us to be in compliance. Moreover, because this process will direct efforts away from normal operations, including customer service duties, it could result in additional service disruptions and create additional customer inconvenience and annoyance. We are required to undertake the following efforts:

a. Information for Responses to Requests for Leased Access Information.

To comply with the *Order*, we must assemble a large number of documents that we must distribute if a potential leased access programmer makes an inquiry about leasing time on the system within 3 business days. These documents are largely system-specific; they must be created and assembled for each cable system we own. Much of the information we must provide is not readily available; it must be created specifically for this purpose. For example, the *Order* requires us to create and provide as an explanation of all the terms and conditions in the standard contract with programmers; create an explanation and description of why, from a technical standpoint, we distribute services on a cable system to certain geographic areas, and comply with other numerous requirements. Because some of the required information is constantly changing in each cable system -- for example, the schedule of exactly what hours are being used on each cable system for leased access, a schedule that changes at least monthly and sometimes more often -- meeting these requirements will require significant time and effort on a continuous basis for our staff. Also, because the *Order* creates a bifurcated rate structure (sales oriented vs. non-sales oriented programming have different rates), and requires a calculation and disclosure of rates on all eligible (50% plus penetrated) tiers rather than the actual tier selected for leased access, extensive training of local leased access coordinators to assess what requests fall into which bucket of rates will also be necessary at a substantial cost to Cox. Furthermore, we have allocated and we estimate that we will have to continue to allocate resources of three (3) corporate personnel from accounting, legal and media sales to create, update and monitor the package of materials our systems will be required to provide to any potentially interested party and the processes we are required to follow for response. The costs associated with these resources cannot be recovered if the *Order* is later found to be unjustified.

b. Timeliness of Responses to Requests for Information.

The *Order* requires that once these documents are created and assembled, we respond to requests for them within three business days or face significant fines. Especially given the increased number of leased access inquiries that is expected to result from the *Order*, this requirement will place a tremendous administrative burden on our personnel. Because we do not currently have personnel dedicated full-time to handling leased access, this requirement will put a serious burden on our employees and require us to divert resources away from other projects or hire additional staff.

c. Timeliness of Negotiations.

The *Order* requires us to negotiate with leased access programmers that wish to deviate from our standard terms and conditions of access and to respond to each proposed contract change within ten days. Because we do not have personnel dedicated to negotiating leased access, this, too, could pose a serious burden on our personnel, especially if we are negotiating multiple such contracts at the same time on each of our cable systems. This burden is heightened because leased access programmers frequently are not familiar with standard industry terms and practices and their demands can be outlandish.

Conclusion

The financial and administrative burdens placed on us by the *Order* go well beyond what we are currently required to do to comply with leased access, or any other statutory carriage mandate for that matter. Combined with the increased number of leased access users the *Order* is intended to create, we expect the Order to significantly interfere with the ongoing operations of our cable systems.

I hereby declare, under penalty of perjury, that the factual information contained herein is true to the best of my knowledge, information and belief.

Robert C. Wilson
Senior Vice President of Programming

March 27, 2008