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**Jeremy M. Kissel**  
Admitted in DC and Florida

January 29, 2009

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**Via ECFS**

**Re: In the Matter of Millenium Digital Media Systems, L.L.C., d/b/a Broadstripe  
("Broadstripe"); Notice of Ex Parte Presentation; CS Docket No. 97-80; CSR-7625-Z**

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's rules, we are electronically filing this letter in CS Docket No. 97-80 as notice of a January 28, 2009 meeting between Commissioner Jonathan Adelstein's Legal Advisor, Rudy Brioche, and the following persons:

Stephen R. Dube, Restructuring Consultant for Broadstripe, FTI Consulting  
Jeremy M. Kissel, Attorney for Broadstripe, Cinnamon Mueller

The purpose of the meeting was to discuss Broadstripe's December 15, 2008 Petition for Reconsideration of the Commission's November 14, 2008 Order granting Broadstripe a limited waiver of the integration ban until January 31, 2009.<sup>1</sup> The discussion centered on Broadstripe's January 2, 2009 filing for Chapter 11 bankruptcy protection and the substantial budgetary constraints that operating under that protection places on Broadstripe's financial flexibility while reorganizing. Broadstripe's representatives noted the company's desire to use the limited funds that are currently available to make upgrades and launch new services that will allow Broadstripe to keep customers in ultra-competitive markets, and that those valuable resources would instead have to be diverted to purchasing compliant set-top boxes after January 31, 2009.

Broadstripe's representatives noted that Broadstripe's filing for Chapter 11 protection was just the "exceptional reason" for which the Commission indicated it would grant further waivers in its November 14, 2008 Order.<sup>2</sup> That said, Broadstripe's representatives urged prompt action on a waiver extension to the earlier of: (1) August 31, 2009; or (2) Broadstripe's emergence from Chapter 11.

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<sup>1</sup> *In the Matter of Millennium Digital Media Systems, L.L.C., d/b/a Broadstripe, et al.*, Memorandum Opinion and Order. CSR-7625-Z, 2008 WL 4899053 (rel. Nov. 14, 2008).

<sup>2</sup> See *id.*, ¶ 9 ("We do not expect to grant further waivers ***unless a Petitioner presents an exceptional reason that it will be unable to comply with the integration ban after January 31, 2009***") (emphasis added).

A handout was also distributed during the meeting, and has been attached to this notice of ex parte presentation.

Sincerely,



Jeremy M. Kissel

Enclosure

cc: Rudy Brioche (*via email: Rudy.Brioche@fcc.gov*)  
Stephen R. Dube  
Sue Ford

# Broadstripe, LLC

(f/k/a Millennium Digital Media Systems, L.L.C.)

## Set-Top Box Petition for Reconsideration



**BROADSTRIPE**

*We're on a mission.*

Ex Parte

January 28, 2009

# Basis for Reconsideration

1. Failure to consider the harmful effects of waiver ending immediately before digital transition
  - Broadstripe had requested waiver to June 30, 2009
2. Public interest benefits strongly favor an extension of waiver

# Limited Relief Requested

- Reconsideration of Bureau's Order granting a waiver of the Set-top Box Integration Ban
  - Waiver granted to January 31, 2009
- Broadstripe requests waiver be extended to the earlier of:
  - August 31, 2009, or
  - Broadstripe's emergence from Chapter 11

# Background - Systems

- **Mid-Atlantic**
  - Northern Anne Arundel County, Maryland
  - Direct competition from Comcast and Verizon
- **Central**
  - Central Michigan – rural and small-town communities
  - 46 homes per mile
- **Northwest**
  - 28 small rural and small-town systems and a metro-Seattle system
  - 28 systems serve fewer than 5,000 subscribers; 23 of those serve fewer than 700; 12 of those serve fewer than 200

# Public Interest Benefits of Extension

- Broadstripe invested \$31.7 million in 2007 and 2008 to upgrade its systems, roll-out VoIP, launch data, increase data speeds, launch HD, provide greater capacity and other advanced services
- Cost of compliant boxes, combined with economic conditions both at the Company and in the communities served, prevents consumers from realizing benefits of the investment and hamper additional plans for increased data speeds

# Broadstripe Chapter 11 Filing

- Broadstripe filed for Chapter 11 protection on January 2, 2009
- Plan of Reorganization filed January 15 – under the Plan, debt load of corporate group to be reduced by more than 60%, post-exit capital structure will provide additional financial flexibility
- Company is managing to strict budget adherence while restructuring and is relying on DIP lenders for financing during the reorganization
- CapEx being concentrated on improving network quality and supporting enhanced HSD, which we believe will benefit communities served, especially economically hard-hit Central MI and Pacific NW

# Cost of Compliance

- Cost of Compliance is significant
- Broadstripe has been purchasing used refurbished boxes
  - Not buying any new non-compliant boxes
- There are no used compliant boxes generally available
- Difference in price is significant

# Cost of Compliance

<b>Refurbished Box</b>	<b>Features</b>	<b>Current Price</b>	<b>Compliant Equivalent</b>	<b>Price</b>
DCT 2224	Entry Level Digital	\$65-\$75	DCH 200	\$235
DCT 6200	HD Converter - No DVR	\$175	DCH 6200	\$355
DCT 6212	HD Converter - Dual DVR	\$300-\$350	DCH6416	\$459

# Cost of Compliance

- Price Broadstripe is forced to pay for set-top boxes is of keen interest to everyone involved
- Need for certainty
- Public interest supports a limited extension: Affordable boxes for consumers and ability to focus more capital spending on improving network quality and HSD

# Public Interest Requirements for Original Hardship Waiver Continue to Be Met

- Public interest in deploying digital services to rural consumers
  - Upgrades in Central and Pacific Northwest Regions – Capital spending concentrated on improving network quality and supporting enhanced HSD
- Public interest associated with competition between terrestrial video providers
  - Competing head-to-head against Comcast and Verizon in Anne Arundel and against Comcast in areas of Seattle

# Limited Request

- Request waiver be extended to the earlier of:
  - August 31, 2009; or
  - Broadstripe's emergence from Chapter 11.