~~DOCKET FILE COPY DUPLICATE~~

DOCKET FILE COPY ORIGINAL

ORIGINAL

RECEIVED

APR 2 1 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

Implementation of Section 17 of the Cable Television Consumer Protection and Competition Act of 1992	)	ET Docket No. 93-7
Compatibility Between Cable Systems and Consumer Electronics Equipment	)	

REPLY COMMENTS OF TELECABLE CORPORATION

Nicholas E. Worth
TELECABLE CORPORATION
Dominion Tower
999 Waterside Drive
Norfolk, VA 23510
(804) 624-5050

Paul Glist
COLE, RAYWID & BRAVERMAN
1919 Pennsylvania Avenue, N.W.
Suite 200
Washington, D.C. 20006
(202) 659-9750

Attorneys for
TeleCable Corporation

21 April 1993

No. of Copies rec'd 0+4
List A B C D E

REPLY COMMENTS OF TELECABLE CORPORATION

I. Reply to Comments of the Electronic Industries Association (EIA)

In its comments, EIA asserts that the root cause of the compatibility problem is the lack of standardization on the part of the cable industry and the ability of the cable industry to "change constantly and unpredictably, ... the number of channels delivered to the home ... Continued increases in numbers of channels ... will worsen the compatibility problems ..." The EIA elsewhere cites the "highly satisfying performance" of their products.

TeleCable's research indicates that consumers want more choice in programming and more control over the programming they watch (e.g. starting times). In fact, consumers who are cable customers purchase television sets for the **primary** purpose of displaying cable television programming. Hardware enhancements and features are secondary issues. Would the highly questionable benefits from standardizing the number of channels offered by cable systems, exceed the costs? Had a moratorium on channel increases been enacted earlier (e.g. 1979) would consumers be better off today with "standard" twelve channel TV sets but without Cable News Network, Discovery and CSPAN?

In its comments, the EIA proposes that "the Commission should consider prescribing a moratorium on the use of digital formats for cable signals until standards issues are properly addressed."

TeleCable notes that Thompson Consumer Electronics, Inc. is developing digital compression technology to be used for reception of direct broadcast satellite signals. Would the EIA moratorium apply to use of Thompson's technology as well or does the EIA propose to limit the use of digital technology in the cable industry alone? TeleCable does not believe that a moratorium on the use of either digital technology is in consumers' interests. The choices are best left to the competing suppliers and customers.

In its comments, the EIA states that "there are other cable security technologies that do not interfere with the operation of consumer electronics equipment. In the short term, traps and interdiction appear to hold the most promise; ..."

In its filing, TeleCable demonstrated that the use of traps is inconsistent with the offering of multiple premium signals. For example, TeleCable systems which offer nine premium services (HBO1, HBO2, HBO3, Cinemax 1, Cinemax 2, Showtime 1, Showtime 2, TMC, Disney) would require $2^9-1 = 511$ different combinations of concatenated traps. Such an arrangement is physically, electronically and operationally infeasible. Traps will not support pay-per-view or a la carte provision of basic programming.

In its filing, TeleCable provided a detailed economic model which shows clearly that interdiction is not feasible for the average cable system. If there were an economically feasible, clear signal technique, TeleCable Corporation would embrace the

technology. In fact, no such panacea exists.

With regard to the EIA-563 decoder interface plug, the EIA asserts that the cost burden would be borne disproportionately by TV set manufacturers.

In fact, TeleCable's experience in Overland Park, Kansas indicates that its costs for installation and customer education will likely exceed the incremental manufacturing costs of the EIA-563 connectors. Further, retailers were able to overcome objections to sales of fully featured TV sets so that manufacturers and retailers received benefits in exchange for the connector costs.

The costs of EIA-563 compatible decoders are expected to be less than the cost of converter-decoders. Because cable systems' rates will be based in part on equipment costs, the savings will be passed through to subscribers in the form of lower rates. To summarize, cable operators will bear as much cost for the implementation of EIA-563, as will manufacturers. Nonetheless, TeleCable Corporation wishes to cooperate in the provision of EIA-563 decoders to consumers.

The EIA further asserts that "perhaps most importantly, ... no decoder interface can do anything to restore compatibility for the massive embedded base--."

Although the EIA's statement seems true on the surface, the outlook for relief is far more promising. TeleCable's research shows that those most likely to experience frustration are recent purchasers of so called "cable ready" TV sets and VCRs. The

prompt adoption of EIA-563 would provide meaningful relief in just a few years. Had EIA-563 been supported by both industries after its inception, compatibility problems today would be few. Further, consumer electronics firms or cable operators could offer remote control compatible, component tuners with EIA-563 decoder interface ports to upgrade late model TV sets.

Perhaps manufacturers' decision not to offer monitors with component tuners, which could be upgraded to match cable system channel capacities, has contributed as much to the compatibility problem as cable's "constant and unpredictable" additions to programming over the past two decades.

II. Reply to Comments of Thompson Consumer Electronics

In its comments, Thompson asserts that "At least one very large cable company is currently adopting the interdiction technique, thereby illustrating that this is a cost effective, viable method for achieving the requirements of the cable industry while still insuring compatibility with TVs and VCRs."

If Thompson is referring to the recent announcement by Cablevision Systems to purchase interdiction units for their Long Island system, Thompson's conclusion is erroneous. The Cablevision purchase represented less than 1% of the 587,000 subscribers in its Long Island, New York system and the interdiction equipment will be used to deny higher level services to the relatively few subscribers to a broadcast basic service. Similarly, TeleCable of Arlington, Inc. used interdiction equipment to deny higher level services to its Lifeline Basic

subscribers (fewer than 1% of homes are equipped with interdiction units). These uses of interdiction merely represent creative application of technology to solve small, specific problems. TeleCable's economic model demonstrates the infeasibility of interdiction as a widespread solution to compatibility problems.

CONCLUSION

TeleCable Corporation is not opposed to beneficial forms of standardization. In fact, TeleCable has supported the adoption of EIA Interim Standard, IS-6, which would specify channel boundaries for cable systems and supports its updating to include recently proposed channels. TeleCable will also fully support the EIA-563 decoder interface standard. TeleCable is now complying with FCC Technical Standards for NTSC signals per § 76.605 of the Rules. What TeleCable Corporation cannot support is a moratorium on new innovation in television programming and supporting technology. However, enormous benefit can be achieved by embracing EIA-563 as a television industry standard. The present EIA-563 decoder interface standard is a necessary first step towards future compatibility for digital delivery of NTSC or HDTV signals.

Respectfully submitted,

TELECABLE CORPORATION

By: [redacted]