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PACIFIC  TELESIS
Group - Washington

January 25, 1994

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

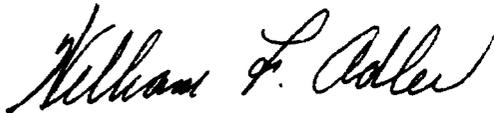
Dear Mr. Caton:

Re: *ET Docket No. 93-7*

On behalf of Pacific Telesis Group, Pacific Bell, and Nevada Bell, please find enclosed an original and six copies of their "*Comments*" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Enclosures

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

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JAN 25 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Implementation of Section 17)
of the Cable Television)
Consumer Protection and)
Competition Act of 1992)
)
Compatibility Between)
Cable Systems and Consumer)
Electronics Equipment)
)

ET Docket No. 93-7

COMMENTS OF PACIFIC TELESIS GROUP,
PACIFIC BELL AND NEVADA BELL

Pacific Telesis Group, Pacific Bell and Nevada Bell submit these comments in response to the Notice of Proposed Rule Making, released December 1, 1993, ("NPRM") in the above-captioned proceeding.¹

The Commission proposes rules to assure compatibility between consumer electronics equipment and cable systems so that consumers can use their VCRs and the special features and functions of their television equipment such as "Picture-in-Picture" when receiving cable service. The proposed

¹ Implementation of Section 17 of the Cable Television Consumer Protection and Competition Act of 1992; Compatibility Between Cable Systems and Consumer Electronics Equipment, ET Docket No. 93-7, Notice of Proposed Rule Making, released 12/1/1993.

rules follow from the recommendations made by the Commission in its report to Congress as required by the 1992 Cable Act.²

Pacific Bell has applied for §214 authorization to provide video dialtone services in four areas in California.³ The Commission permits telephone companies to provide video dialtone services. Through video dialtone, multiple programmers will have an alternative to the traditional cable delivery systems to access subscribers.

As a provider of transport services for video programming, Pacific Bell has an interest in assuring that potential subscribers have access to all programming provided pursuant to video dialtone service as well as the full use of their TV and VCR equipment.

I. THE BASIC SERVICE TIER SHOULD NOT BE SCRAMBLED.

The Commission should require basic service tier programming to be provided in the clear, without scrambling.⁴ Prohibiting scrambling of the basic service tier will eliminate

² Cable Television Consumer Protection and Competition Act of 1993, Pub. L. No. 102-385, 106 Stat. 1460, (1992), §17.

³ Application of Pacific Bell for authority pursuant to Section 214 of the Communications Act of 1934 and Section 63.01 of the Commission's Rules and Regulations to construct and maintain advanced telecommunications facilities to provide video dialtone services to selected communities in the southern San Francisco Bay area, California, W-P-C-6914. Similar applications have been filed to provide video dialtone services in Los Angeles (W-P-C-6915); in Orange County (W-P-C-6913); and in San Diego, California (W-P-C-6916).

⁴ NPRM at para. 13.

the need for additional consumer equipment, such as a set top box, as well as additional expense associated with that equipment. Eliminating the expense of additional equipment will reduce the consumer's real cost to subscribe to the basic service tier. Consequently, the total cost of the basic service tier will be lower and affordable to larger numbers of subscribers.⁵ Moreover, scrambling, which requires additional equipment, complicates the cable subscriber's use of television special features and VCRs and may interfere with the full functionality of consumer electronics. User-friendliness was a primary concern that resulted in the provisions of the 1992 Cable Act that require compatibility between consumer electronics equipment and cable systems.

The Commission also asks if additional channels included on the basic service tier which exceed the Commission's minimum requirement for off-air and public, educational and government ("PEG") channels could be scrambled.⁶ Any channel which the cable operator chooses to include in the basic service tier should be clear and not scrambled. If the additional channels were scrambled, the advantages (cost and simplicity) of clear off-air and PEG channels would be lost. Since the price of the basic service tier includes the cost of any additional channels,

⁵ Pacific Bell understands that only 30 - 40% of cable subscribers elect to receive premium channels. Thus, set top converters for the basic service tier reception imposes unnecessary additional cost on a significant percentage of cable subscribers.

⁶ NPRM at para. 13.

the subscriber is entitled to receive those channels. If scrambling the additional channels were permitted, a subscriber would need additional equipment to receive those channels, thus, losing the economic efficiency intended by requiring the mandatory basic service tier channels to be clear. If the cable operator chooses to include additional channels as part of the basic service tier, all of the channels should be clear.

II. THE CAG SCHEDULE FOR STANDARDS FOR THE DIGITAL CABLE ENVIRONMENT IS OVERLY AMBITIOUS.

Pacific Bell agrees that standardizing the system used for digital transmission is in the public interest and will avoid future compatibility problems with the introduction of digital transmission methods.⁷ Pacific Bell's video dialtone services will include digital transmission. Other video dialtone providers may also provide digital transmission.⁸ Video dialtone providers, other alternative delivery providers, and programming providers should participate in the establishment of digital transmission standards.

The timeline recommended by the Cable-Consumer Electronics Compatibility Advisory Group (CAG) for standards for

⁷ NPRM at para. 34.

⁸ See New Jersey Bell Section 214 Application for Florham Park Borough, Madison Borough, and Chatham Borough, New Jersey, W-P-C-6838; New Jersey Bell Section 214 Application for Dover Township, New Jersey, W-P-C-6840; US West Communications, Inc. Section 214 Application for Omaha, Nebraska, W-P-C-6868; New York Telephone Section 214 Application for New York City, W-P-C-6836.

the digital cable environment appears to be overly ambitious.⁹ The technology components for digital video transmission are in varying stages of development.¹⁰ Because there are no commercially deployed systems which include all of the transmission components, system compatibility issues have not yet been identified. Systems must be tested for technical feasibility and acceptance by the market. The technical reliability of the system, the quality of video transmission and other features and functionality will significantly influence market acceptance. Thus, any standards developed at this time will be arbitrary at best and could face consumer rejection or technical obsolescence. A more reasonable estimate would anticipate standards to be developed beginning in late 1995 when technical and market information is likely to be available

⁹ The report hypothesized that the definition of "cable ready" could be completed in 1993; transmission and tuner specifications in 1994; and decompression and standard security interface standards by 1995.

¹⁰ Types of components include video file servers, video network managers, set top converters, head-end equipment and transport networks.

including data from the several video dialtone technology deployment approved by the Commission.

Respectfully submitted,

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Date: January 25, 1993

CERTIFICATE OF SERVICE

A copy of the comments from Pacific Telesis Group, Pacific Bell, and Nevada Bell for FCC ET Docket 93-7 regarding the "compatibility of consumer electronic equipment with CATV system signals" was mailed or delivered to the accompanying list of parties on January 25, 1994.


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