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BEFORE THE  
Federal Communications Commission

WASHINGTON, D. C.

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

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY  
ET Docket No. 93-7

To: The Commission

REPLY OF HOME BOX OFFICE

Home Box Office, A Division of Time Warner Entertainment Company, L.P. ("HBO"), by its attorneys and pursuant to Section 1.415 of the Commission's rules, hereby submits this Reply in response to the comments filed in the above-captioned proceeding.<sup>1</sup>

The comments that address the issue of a digital transmission standard for cable television unanimously support the need for uniformity, at least with respect to certain aspects

<sup>1</sup> In the Matter of Implementation of Section 17 of the Cable Television Consumer Protection and Competition Act of 1992, Notice of Proposed Rulemaking, ET Docket No. 93-7, FCC 93-495 (rel. December 1, 1993). The Commission extended to February 16, 1994 the date upon which Reply Comments are due. DA 94-120 (rel. February 4, 1994).

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of digital transmission. The major issue, however, is the process for establishing a uniform standard. The record favors permitting digital transmission technology to evolve in the marketplace without regulatory intervention by the Commission. HBO reiterates its support for allowing a digital transmission standard to develop by such a path.

The comments reflect the fact that the evolution of digital transmission is in its nascent stages. Nevertheless, the development of the standard has begun and is moving forward. For some segments of the telecommunications industry this evolutionary process is farther along than for others. For example, as HBO indicated, satellite digital transmission technology has been deployed and is operational.<sup>2</sup> This transmission equipment will be upgraded to be compatible with the technology that eventually is widely used by the cable television industry. Implementation of digital technology for video program distribution by cable television is approximately a year away.<sup>3</sup>

The development of a national digital network (i.e., the electronic superhighway) will require still a longer lead time. Nevertheless, if the marketplace works as it has before, the newer distribution technologies will be designed to evolve smoothly into, or be compatible with, the digital standards that are used in the satellite, cable and other digital transmission media then in widespread use.

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<sup>2</sup> Comments of HBO, at p. 4.

<sup>3</sup> See generally, "TCI Orders General Instrument Compression, Leaves Door Open for Competitors," *Communications Daily*, Vol. 12, No. 233, p. 1, December 3, 1992.

The use of digital video transmission technology in the marketplace today is evidence that the standardization process has taken significant steps over the past few years. The marketplace will evolve to include other distribution technologies, such as the national digital superhighway, as those technologies get closer to fruition. HBO is convinced that for all of these distribution technologies the marketplace and industry standards-setting bodies, not governmental agencies, will establish the necessary uniform standards and will prove to be the most efficient standards-setting mechanism. At the very least, the preferred method initially should be through industry and not regulation.<sup>4</sup>

Establishing a digital standard in a regulatory setting inevitably will create confusion in the marketplace and delay the introduction of new technologies.<sup>5</sup> A standardization process that is removed from the influences of the marketplace and consumer feedback runs a substantial risk of creating products and features that are nonresponsive to consumer desires.<sup>6</sup> Standards developed through industry in the marketplace, however, can be "consumer tested" and can maintain technical flexibility to adapt to innovations and changes in consumer demands.

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<sup>4</sup> Comments of TCI, at p. 34.

<sup>5</sup> Comments of TCI, at p. 32. Comments of Pacific Telesis, at p. 5. Comments of Greater Media, at p. 12; Comments of the Cable-Consumer Electronics Compatibility Advisory Group, at pp. 22-23.

<sup>6</sup> Comments of TCI, at p. 32; Comments of Pacific Telesis, at p. 5.

Finally, some of the commenters stated that the various aspects of digital transmission (i.e., compression, transport and access control) should be unbundled and that the conditional access system should also be standardized.<sup>7</sup> HBO observes that the issue of a government-imposed conditional access standard for video satellite distribution has been examined by the Commission repeatedly in the past.<sup>8</sup> Each time, the Commission has resolved to abstain from becoming involved in this highly technical and rapidly changing field. HBO knows of no reason to revisit these decisions yet again at this point.<sup>9</sup>

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<sup>7</sup> Comments of Titan, at p. 7; Comments of Mitsubishi Electronics America, at pp. 9-14.

<sup>8</sup> *In the Matter of Inquiry into the Encryption Technology for Satellite Cable Programming*, 8 FCC Rcd 2925 (1993); *In the Matter of Inquiry into the Need for A Universal Encryption Standard for Satellite Cable Programming*, 5 FCC Rcd 2710 (1990); *Inquiry into the Scrambling of Satellite Television Signals*, 3 FCC Rcd 1202 (1988); *Inquiry into the Scrambling of Satellite Television Signals*, 2 FCC Rcd 1669 (1987).

<sup>9</sup> Cf. Comments of Titan, at pp. 8-9 (Requesting inquiry into the standardization of digital television and the access control therefor).

CONCLUSION

For the foregoing reasons, the Commission should permit digital transmission standards for cable television and other distribution technologies to continue their natural evolution in the marketplace.

Respectfully submitted,

HOME BOX OFFICE, A DIVISION OF  
TIME WARNER ENTERTAINMENT  
COMPANY, L.P.

By:



Benjamin J. Griffin  
Matthew J. Harthun  
REED SMITH SHAW & McCLAY  
1200 18th Street, N.W.  
Washington, D.C. 20036  
(202) 457-6100

February 16, 1994

CERTIFICATE OF SERVICE

I, Rebecca S. Catelinet, hereby certify that a true and correct copy of the foregoing Reply was sent this 16th day of February, 1994 by first-class mail, postage prepaid to the following:

W. Austin Ligon  
Senior Vice President  
Corporate Planning  
Circuit City Stores, Inc.  
Richmond, VA 23233

A. Kirven Gilbert III  
4300 Southern Bell Center  
675 W. Peachtree Street  
Atlanta, Georgia 30375

Robert J. Ungar  
Cable Telecommunications  
Association, Inc.  
3950 Chain Bridge Road  
P.O. Box 1005  
Fairfax, VA 22030-1005

Joseph Van Loan  
Senior Vice President of  
Engineering  
Cablevision Industries  
Corporation  
1 Cablevision Center  
P.O. Box 311  
Liberty, NY 12754

Howard J. Symons  
Minta, Levin, Cohn, Ferris,  
Glovsky and Popeo, P.C.  
701 Pennsylvania Ave., N.W.  
Suite 900  
Washington, D.C. 20004

Walter Ciciora, Ph.D.  
300 First Stamford Place  
Stamford, CT 06902-6732

Michael H. Hammer  
Willkie Farr & Gallagher  
Three Lafayette Centre  
1155 21st Street, N.W.  
Suite 600  
Washington, D.C. 20036-3384

Julius Szokolczay  
Vice President  
Advanced Development and  
Strategic Technology  
Planning  
Mitsubishi Consumer  
Electronics America  
2001 East Carnegie Avenue  
Santa Ana, CA 92705

Ernest A. Gleit  
Room 3251B3  
295 North Maple Avenue  
Basking Ridge, NJ 07920

Lucille M. Mates  
140 New Montgomery St.  
Rm. 1526  
San Francisco, CA 94105

Linda Kent  
Associate General Counsel  
United States Telephone  
Association  
1401 H Street, N.W.  
Suite 600  
Washington, D.C. 20005-2136

John Fitzgerald  
1646 First Avenue  
New York, NY 10028

O.D. Page, P.E.  
7536 Spring Lake Drive  
Bethesda, MD 20817

Howard N. Meyer  
375 West End Avenue  
New York, NY 10024

Charles F. Newby  
Director, Broadcast  
Communication Systems  
The Titan Corporation  
3033 Science Park Road  
San Diego, CA 92121

Howard S. Shapiro  
Fleischman and Walsh  
1400 Sixteenth Street, N.W.  
Sixth Floor  
Washington, D.C. 20036

Frederick G. Hoffman  
Howard & Howard Attorneys, P.C.  
1400 North Woodward Avenue  
Suite 250  
Bloomfield Hills, MI 48304

Philip V.W. Dodds  
Executive Director  
Interactive Multimedia Association  
48 Maryland Avenue, Suite 202  
Annapolis, MD 21401

Michael S. Schooler  
Dow, Lohnes & Albertson  
1255 Twenty-Third Street, N.W.  
Suite 500  
Washington, D.C. 20037

Joseph R. Reifer  
Paul Glist  
Cole, Raywid & Braverman  
1919 Pennsylvania Ave., N.W.  
Washington, D.C. 20006

David R. Caron  
Co-Chairman  
Lakes Region Cable Television  
Consortium  
c/o Town of Gilford  
47 Cherry Valley Road  
Gilford, NH 03246

Preston Padden  
5151 Wisconsin Avenue, N.W.  
Washington, D.C. 20016

Stephen R. Ross  
Ross & Hardies  
888 Sixteenth Street, N.W.  
Washington, D.C. 20006-4103

Stephen Sigman  
Director/Marketing  
Zenith Electronics Corporation  
1000 Milwaukee Avenue  
Glenview, IL 60025

Cynthia Johnson  
Government Affairs Manager  
Hewlett-Packard Company  
900 17th St., NW, Suite 1100  
Washington, D.C. 20006

Betsy L. Anderson  
1710 H Street, N.W.  
Washington, D.C. 20006

Christopher M. Catotti  
PO Box 1777  
Oviedo, FL 32765-1777

Eileen E. Huggard  
New York City Department of  
Telecommunications and Energy  
75 Park Place, Sixth Floor  
New York, New York 10007

Sueyuki Hirooka  
President and Chairman  
Sharp Electronics Corporation  
Sharp Plaza  
Mahwah, New Jersey 07430-2135

Ivan D. Volner  
Venable, Baetjer, Howard  
& Civiletti  
1201 New York Avenue, N.W.  
Washington, D.C. 20005

  
Rebecca S. Catelinet