



PROGRESSIVE RETAILERS ORGANIZATION

PROGRESSIVE RETAILERS ORGANIZATION, INC.

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

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

REPLY COMMENTS OF THE PROGRESSIVE RETAILERS ORGANIZATION, INC.
ON NOTICE OF PROPOSED RULE MAKING

The Progressive Retailers Organization, Inc. hereby replies to comments filed in response to the Commission's December 1, 1993 Notice of Proposed Rule Making ("Notice") concerning compatibility of consumer electronics equipment and cable systems. We have a direct and immediate interest in this proceeding as a major trade association of consumer electronics retailers representing 150 stores and \$800 million annual sales. We support the Commission's efforts to maximize compatibility between cable systems and consumer electronics equipment with the specific concerns identified below.,

- I. THE POINTS RAISED IN THE FIRST ROUND OF COMMENTS BY MITSUBISHI ARE VALID AND WITH MERIT.

We support the position set forth by Mitsubishi Electronics America, Inc. which advocates that the Commission should compel a software implementation of the proposed decoder interface. We further support the premise that a set-top box and the decoder interface module, among other components, can and should be available to consumers in an open, competitive market. We also support and endorse the work of the National Renewable Security System standard that is almost at hand and will provide the technology to achieve the compatibility required by Section 17 of the Act.

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II. TO PROPERLY SATISFY THE COMMISSIONS OBLIGATIONS UNDER SECTION 17 OF THE ACT, THE ELEMENTS CONTAINED IN THE COMMENTS OF CIRCUIT CITY STORES, INC. MUST BE INCORPORATED INTO THE RULES.

The Progressive Retailers Organization, Inc. agrees with Circuit City's concern that with the proposed bundling of hardware to services, cable operators will retain the incentive to furnish set top devices and decoder/descramblers in ways that forestall and inhibit competition. We also agree that there are more appropriate methods to accomplish the Commission's objective in ways that are pro-competitive.

We further support the three specific measures as presented in the Circuit City comments that will promote competitive access for consumers:

- (1) Only functions directly and necessarily related to security should be reserved to system hardware/software provided by the cable operator;
- (2) Functions that can be offered on a competitive basis must be available competitively, through the offer by the by cable operator of compatible hardware or software modules that perform the security functions only; and
- (3) Cable operators should be allowed to charge separately for security modules and, to avoid extension of monopoly into competitive markets, should not be allowed to "bundle" the price of competitive hardware services.

We believe that the obligations of Section 17 of the Act will be satisfied only by including these measures in the Commission's rules.

Respectfully submitted,



Art Westburg
Executive Director

AHW/cj

CC: Jack Osborn, Mitsubishi
Richard Sharp, Circuit City