

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

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Implementation of Section 301 (j))
of the Telecommunications Act of 1996)
)
Aggregation of Equipment Costs)
By Cable Operators)

CS Docket No. 96-57

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**Reply Comments of the
Telecommunications Industry Association**

The Telecommunications Industry Association ("TIA") hereby submits the following reply to initial comments submitted in response to the Notice of Proposed Rulemaking ("NPRM") adopted by the Commission in the above-captioned proceeding. The TIA has a membership of nearly 600 U.S. companies which manufacture and provide communications and information technology equipment, products, systems, distribution services and professional services throughout the world.

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A significant number of commenters raised the same issues as the TIA did in its initial comments, in which it urged the Commission to provide cable operators with maximum regulatory flexibility by:

- not adopting a "primary purpose" test;
- permitting the aggregation of additional connections with initial connections; and
- permitting the geographic aggregation of installation costs to the same extent as the geographic aggregation of equipment costs.

Accordingly, the TIA stands on its earlier comments.

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In addition to reiterating those points, the TIA wishes to express its support for the point made in comments submitted by Time Warner Cable (at 5), Tele-Communications Inc. (at 16), General Instrument (at 8), and the National Cable Television Association (at 7) with respect to the difference between basic-only customers and basic-only equipment. This is an important distinction, and the TIA urges the Commission to permit categorical averaging for equipment used by non-basic only customers even if the same equipment is used by basic-only customers.

The TIA also wishes to express its strong opposition to the views expressed by the State of New Jersey Division of the Ratepayer Advocate (“NJRA”) and the New York State Department of Public Service (“NYDPS”). In their comments, the NJRA (at 6) and the NYDPS (at 4) oppose permitting cable operators to aggregate equipment and/or installation costs on a company or regional level. The Congress vested regulatory authority for cable television equipment with the Commission and local franchising authorities, not the States, which have little or no expertise on these issues. The statute and legislative history specifically allow such aggregation, contrary to the position taken by the NJRA and the NYDPS

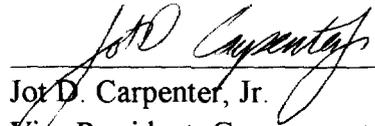
Disallowing such aggregation might make sense if the “information superhighway” was going to be built on a state-by-state basis. The reality is, however, that advanced infrastructure will be deployed on a regional or nationwide basis as regional and national telecommunications service providers move to offer a wide range of new digital services. The authority of the States to enter regulatory matters such as this was specifically preempted by the Congress in the 1996 Act, and the Commission should not lend credence to the arguments made by the NJRA and the NYDPS. Doing so will only serve to delay the creation of a seamless, interoperable network of advanced infrastructure.

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The TIA urges the Commission to implement the requirements of Section 301 (j) of the Telecommunications Act of 1996 (“1996 Act”) in a manner that affords maximum flexibility to cable operators. By providing cable operators with maximum flexibility, the Commission can

encourage investment in advanced infrastructure and digital services, and thereby help ensure that the goal of the 1996 Act is achieved.

Respectfully submitted,
Telecommunications Industry Association



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