

United States Senate

WASHINGTON, DC 20510

November 20, 2014

1217

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Wheeler:

We are writing to you to express our concerns about the future of competition in the marketplace for video set top boxes, which millions of Americans use to access television programming. Set top boxes have the potential to enable millions of Americans to access an enormous amount of content in innovative, new, and less costly ways. However, in a time when smart phones, personal computers and tablets have revolutionized the way Americans go about their daily lives and conduct business, set top boxes have lagged behind, leaving this potential unfulfilled.

When Congress passed the Telecommunications Act of 1996, it directed the FCC to assure the commercial availability of equipment used to access video programming. Congress intended to promote the creation of a robust, competitive set top box market among vendors unaffiliated with a multichannel video programming distributor (MVPD).

The goal was clear: achieve greater choice and better products for consumers by unleashing competition on a level playing field. Section 629 of the Telecommunications Act succeeded in spurring an entirely new way to record video, with DVR becoming as ubiquitous today as VCR was in 1996. Now in 2014, we should promote a marketplace in which a video navigation device performs as many functions as the innovative smart phones that fit in our pockets. Just as consumers can select their mobile phone from an increasing array of models regardless of carrier, consumers today should also be able to choose from a large selection of smart set top box devices regardless of their MVPD.

Besides promoting innovation, Congress intended to unleash a future in which consumers have vast video choices untethered to a particular MVPD. Unfortunately, consumers today have little choice in the set top box marketplace, and the vast majority of Americans currently rent a video box from their provider. The FCC's National Broadband Plan released in 2010 noted that only a fraction of set top boxes in homes come from vendors unaffiliated with a MVPD, and little has changed since then.

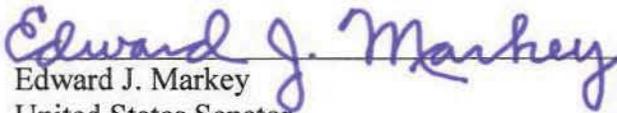
We believe the FCC should act consistent with congressional intent and ensure the creation of a competitive set top box marketplace comprised of devices unaffiliated with MVPDs. To do so, the FCC will need to require a new simpler, cheaper and more efficient standard of common reliance embedded in all set top boxes. This new common standard will guarantee that American consumers can choose to use the set top box of their choice regardless of their MVPD.

Regrettably, Congress is proposing the STELA Reauthorization Act of 2014 (STELAR) that repeals the current integration ban. As you know, the integration ban enables consumers to use CableCARD with a set top box other than one leased from their MVPD. The CableCARD system should be replaced with a more consumer-friendly standard that will be more widely adopted; however, STELAR repeals the integration ban without first putting in place a new security standard that promotes a competitive set top box retail market. Moreover, STELAR also directs the FCC to form a working group to recommend such a technical standard within nine months.

If STELAR becomes law, we urge the FCC to immediately convene this working group and, following the group's conclusion, quickly commence a rulemaking so that a new standard can be developed without delay. Without strong FCC action, consumers may be left with no choice but to rent set top boxes from their cable providers in perpetuity, which is akin to the days when consumers had no choice but to rent their rotary dial telephone from the telephone company.

Please provide us a written response by December 11, 2014, about your plans to assure this competitive marketplace. Thank you for your consideration to this important issue, and we look forward to your response.

Sincerely,


Edward J. Markey
United States Senator


Richard Blumenthal
United States Senator

cc:

Commissioner Mignon Clyburn
Commissioner Jessica Rosenworcel
Commissioner Ajit Pai
Commissioner Michael O'Rielly



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 24, 2014

The Honorable Richard Blumenthal
United States Senate
Washington, D.C. 20510

Dear Senator Blumenthal:

Thank you for your letter expressing your concerns about protecting the future of competition in the marketplace for video set top boxes. I share your desire to ensure that today's consumers can enjoy the benefits of new and innovative ways to access video programming.

The STELA Reauthorization (STELAR) Act that has passed Congress contains provisions that, among other things, sunsets the Commission's existing integration ban rule one year after enactment. It also directs the Commission to establish – within 45 days of enactment – a Working Group made up of “technical experts representing a wide range of stakeholders” that will “identify, report, and recommend performance objectives, technical capabilities, and technical standards of a not unduly burdensome, uniform, and technology-and platform-neutral software based downloadable security system” for the next generation successor regime to the CableCARD. The Working Group is to file a report with the Commission no later than nine months after enactment.

Recognizing the near-term enactment of STELAR, I plan to direct the Commission staff to establish the Working Group as quickly as possible, consistent with the requirements of the Federal Advisory Committee Act. Once established, the Commission will provide assistance to the Working Group to promote as best we can a successful outcome of its collaboration and, upon receiving its report, will assess quickly the best path forward for implementing a new standard.

Thank you again for your leadership on this issue. I will keep you and your staff apprised of our progress in this important endeavor.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler".

Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 24, 2014

The Honorable Edward J. Markey
United States Senate
Washington, D.C. 20510

Dear Senator Markey:

Thank you for your letter expressing your concerns about protecting the future of competition in the marketplace for video set top boxes. I appreciate your long-standing leadership on this issue as the original author of Section 629 of the Telecommunications Act of 1996, and share your desire to ensure that today's consumers can enjoy the benefits of new and innovative ways to access video programming.

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Tom Wheeler