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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

November 21, 2000

VIA COURIER

Mr. Donald Abelson  
Chief, International Bureau  
Federal Communications Commission  
445 12th Street S.W.  
Washington, D.C. 20554

Re: Direct Broadcast Satellite Service to Hawaii  
IB Docket No. 98-21, FCC File Nos. SAT-LOA-20000505-00086 (Directv),  
SAT-PDR-19991217-00128 & SAT-MOD-20000607-00099 (EchoStar)

Dear Mr. Abelson:

Thank you for meeting with us on November 9, 2000 regarding the importance of providing direct broadcast satellite ("DBS") service to the State of Hawaii. During the meeting, we discussed the fact that, despite the claims of DBS licensees, DBS service is generally not available in Hawaii, particularly not at prices and quality levels that are competitive with cable television and are comparable with DBS services in the rest of the United States. As a result, retailers in Hawaii are reluctant to market DBS equipment and few consumers are purchasing the services that have been made available.

As a follow up to our discussion, the Cable Television Division of the Hawaii Department of Commerce and Consumer Affairs ("the Department") conducted an informal survey of retailers that are purportedly distributing Directv and EchoStar's DBS services on Oahu, the major population center in Hawaii with 73% of the State's residents. The retailers were identified using Directv and EchoStar's Internet sites and were contacted during the past two weeks.

According to Directv's Internet site, Directv's DBS service is distributed nationally by a number of retail chains, three of which – Radio Shack, Sears and Circuit City – have stores on Oahu. The Department contacted representatives of each of the stores and was told that they are not carrying Directv's service in Hawaii and did not know when it would be made available. Many of the representatives expressed frustration that their companies are marketing the service on the mainland, but not in Hawaii.

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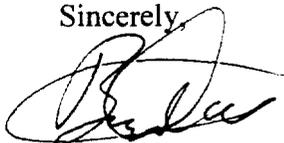
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According to EchoStar's Internet site, three stores on Oahu – Satellite TV Hawaii, Island Satellite and Chock's TV & Appliance – distribute EchoStar's DBS service. (In contrast, EchoStar indicated during an April 12, 2000 meeting with the bureau staff that it had 24 authorized retailers in Hawaii.) Managers at two of the stores said they are marketing EchoStar's services, but sales are poor. The manager at the third store indicated that he was not selling EchoStar's equipment.

The merchants indicated that customers are generally not attracted by the subscription package that EchoStar markets in Hawaii. EchoStar advertises an "America's Top 70" package in Hawaii, which includes only 40 cable television channels (and 30 music channels) for a monthly fee of \$29.99. In contrast, EchoStar subscribers on the mainland receive its "America's Top 100" package for \$29.99, which includes more than twice as many cable television channels, plus additional pay-per-view and premium channels. Furthermore, the subscription package that EchoStar makes available in Hawaii does not appear to be competitive with cable television services on Oahu.

In light of the inadequacy of DBS services in Hawaii, the State continues to urge the Commission to promptly instruct DBS licensees to comply with the Commission's geographic service rules by providing DBS in Hawaii that is generally comparable to the service that is available in the rest of the United States. If the Commission refrains from enforcing its existing geographic service rules, then the Commission would be condoning overt discrimination by DBS licensees against residents of the State. Furthermore, residents in Hawaii will be forced to accept less access to modern telecommunications services, enjoying few competitive options and video information sources in this expanding technology-based society.

Sincerely,



Herbert E. Marks  
Bruce A. Olcott  
Counsel to The State of Hawaii

Copy: Magalie Roman Salas, Secretary, Federal Communications Commission  
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