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**RadioShack Corporation**

**Circuit City Stores, Inc.**

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**APR 16 2001**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

April 16, 2001

Chairman Michael K. Powell  
Federal Communications Commission  
445 12th Street, S.W.  
Room 8-B201  
Washington, D.C. 20544

Re: Commercial Availability of Navigation Devices, CS Docket 97-80

Dear Chairman Powell:

In the course of the ongoing *Year 2000 Review* in this Docket, the undersigned have argued to the Commission that a "level playing field" does not exist for competitive entrants, and cannot exist until the Commission takes further action to remove technological and economic barriers to competitive entry. In the course of meetings with Cable Bureau and Office of Plans and Policy staff earlier this year, we were challenged to produce a draft of regulation changes that would "level the playing field" in the manner we have advocated. We are pleased to attach these draft revisions.

Our proposal would also promote the transition to digital television. Present rules provide a *disincentive* for this transition, as they have allowed a subsidy to consumers who lease converter boxes for their analog televisions, but deny it to consumers who would purchase a digital television with built-in navigation device capability. The changes we propose, by providing equal treatment for *all* consumers, would remove this disincentive and would provide a compelling reason for consumers to consider purchasing a DTV.

Today, five years after passage of Section 629 in the 1996 Telecommunications Act, competitive entrants cannot hope to compete with MSO-provided set-top devices, as to either technical capability or price. These are *regulatory* obstacles: cable MSOs interpret the present rules as allowing them to leverage their historic monopoly so as to maintain unique and unassailable advantages:

- *technologically*, the cable industry has developed technical specifications for reliance by entrants, but they have been unwilling to commit to relying on them in their own leased set-top boxes. A prospective purchaser of a competitive device has no assurance that it will receive equal support on a

cable system or, indeed, any at all. Existing FCC regulations do not address this problem.<sup>1</sup>

- *economically*, the cable industry interprets Section 623 as allowing it to pool the costs of old analog set-top boxes with those of new digital boxes. As interpreted by MSOs, FCC regulations have generated a huge subsidy pool for the benefit *only* of those consumers who lease MSO-provided digital set-top boxes. The industry has refused to recognize any obligation to include purchasers of competitive navigation devices in this pool. This makes it effectively impossible -- even if technical and licensing<sup>2</sup> obstacles were removed immediately -- for a competitive entrant, whether offering a stand-alone device or a DTV receiver with navigation capability, to compete with a leased MSO-provided set-top box.<sup>3</sup>

Our proposed changes would address each of these situations in the simplest, least intrusive, most market-oriented way possible. They would mandate simply that *the cable industry must treat its customers using digital competitive equipment the same way it treats its digital lease customers*. By a date certain (January 1, 2002), cable MSOs subject to navigation device rules would (1) rely, in their own devices, on the technical specifications they have furnished for the devices of competitive entrants, and (2) extend, to customers who have obtained devices from competitive entrants, the same level of subsidy, from pooling with analog converter costs, that they extend to their lease customers.

Each of these revisions would avoid intrusive, over-the-shoulder regulation by the Commission. By putting competitive consumers on equal footing with others, these provisions would do no more than was done in the deregulation of telephone CPE. These revisions would, finally, give a fair shake to consumers who want to own their own equipment rather than lease cable set-top boxes. Each would promote the transition to DTV.<sup>4</sup>

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<sup>1</sup> This issue has been discussed in great detail in the Consumer Electronics Retailers Coalition ("CERC") Comments and Reply Comments in the Year 2000 Review proceeding in this Docket.

<sup>2</sup> See CERC *ex parte* letter of February 12 in this Docket.

<sup>3</sup> For example, a recent rate sheet (attached) received by Alexandria Comcast customers showed a monthly price increase on *analog* addressable converters from \$3.17 to \$3.77, the same as the price for digital converters. Yet the "unreturned equipment" charge for a digital converter is shown as \$800, but it is only \$300 for the analog box. So long as MSOs have a large pool of analog converter box renters, competitive entrants cannot possibly compete with an internal subsidy of this magnitude. A comparable telephone CPE situation would have left the Bell monopoly undisturbed.

<sup>4</sup> It should be noted that, in giving equal status to customers for integrated DTV receivers, these changes would give consumers incentives to buy products as to which the copyright-related problems that have vexed the DTV transition would be largely

Circuit City and RadioShack have been active participants in all issues related to compatibility of cable and consumer electronics systems since the issue was given public prominence by Senator Leahy in 1991. We remain committed to working with the Commission to obtain fair and equal treatment for customers wishing to procure competitive products.

Sincerely,

Leonard H. Roberts  
Chairman and CEO

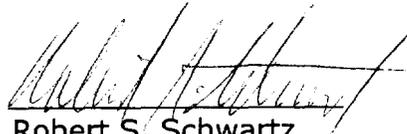
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avoided. These products have no external interface between the cable navigation circuitry and the display circuitry.

additions in **bold**  
deletions in [brackets]

76.1204(a)(1). A multichannel video programming distributor that utilizes navigation devices to perform conditional access functions shall make available equipment that incorporates only the conditional access functions of such devices. Commencing on January 1, [2005] **2002**, no multichannel video programming distributor subject to this section shall place in service new navigation devices for sale, lease, or use that perform both conditional access and other functions in a single integrated device. **Commencing on January 1, 2002, any multichannel video programming distributor subject to this section, or affiliate thereof, shall place in service for sale, lease, or use only such new navigation devices as rely, for their operation, solely on whatever OpenCable specifications and licensing terms, to implement services, features, applications, and conditional access support, as are required by the distributor with respect to the licensing, manufacture, certification, attachment or use of navigation devices provided by unaffiliated manufacturers or vendors pursuant to Section 76.1201.**

76.1204 Availability of equipment performing conditional access or security functions.

**(g) Effective January 1, 2002 and until the regulations adopted under this subpart cease to apply as determined in accordance with Section 76.1208, cable system operators must:**

**(1) provide annual written notification to their subscribers that subscribers may purchase or lease navigation devices from unaffiliated vendors that are capable of receiving the same services, content, programming, features and functions accessible through navigation devices provided by the subscriber's cable system operator, without the need for any additional equipment from the cable system operator and without degrading the ease of use of such navigation devices or the quality of such services, content, programming, features and functions;**

**(2) provide oral notification and written confirmation, at the time when a subscriber orders cable television or related services, that the subscriber may (A) already own consumer electronics equipment that is capable of receiving the same services, content, programming, features and functions accessible through navigation devices provided by the subscriber's cable system operator, without the need for any additional equipment from the cable system operator and without degrading the ease of use of such navigation devices or the quality of such services, content, programming, features and functions; and (B) purchase or lease navigation devices from unaffiliated vendors that are capable of receiving the same services, content, programming, features and functions**

accessible through navigation devices provided by the subscriber's cable system operator, without the need for any additional equipment from the cable system operator and without degrading the ease of use of such navigation devices or the quality of such services, content, programming, features and functions; and,

**(3) The notification and confirmation required by subsections (g)(1) and (2) shall indicate clearly that the conditional access function equipment required to access certain services, content, programming, features and functions using a navigation device purchased or leased from an unaffiliated vendor is the same as the one required for navigation devices provided by the cable system operator, and that the price for such conditional access function equipment is identical regardless of the subscriber's choice.**

76.1206 Equipment sale or lease charge subsidy prohibition.

**(a)(1) Multichannel video programming distributors offering navigation devices subject to the provisions of Section 76.923 for sale or lease directly to subscribers [shall adhere to the standards reflected therein relating to rates for equipment and installation and shall separately state the charges to consumers for such services and equipment] shall not use any service revenues to subsidize the sale or lease prices or rates of these navigation devices until the regulations adopted under this subpart cease to apply as determined in accordance with Section 76.1208.**

**(2) Effective January 1, 2002, a Multichannel video programming distributor offering navigation devices subject to the provisions of subsection 76.923 may elect to pool the costs of devices covered by subsection 76.1204(a)(1) with the costs of all other navigation devices provided by the MVPD if it:**

**(A) maintains on its publicly accessible web site and files with the Commission and the applicable franchise authority a report disclosing:**

**(i) the price or prices for each navigation device offered by such multichannel video programming distributor;**

**(ii) the amount of any subsidy reflected in the price for each such navigation device, and**

**(iii) the methodology by which such subsidy was calculated; and**

**(B) provides to subscribers the same subsidy for navigation devices purchased or leased from unaffiliated vendors as that reflected in the price for navigation devices provided by such multi-channel video programming distributor.**

**(3) The report described in subsection 76.1026(a)(2)(A) shall be amended within ten days of the offering of any new navigation device or any revision in the price or terms for any existing navigation device. The Commission may review and direct changes in the methodology described in subsection 76.1206(a)(2)(A)(iii).**

**(b) The requirements in subsections (a)(2) and (3) shall remain in effect until the regulations adopted under this subpart cease to apply as determined in accordance with Section 76.1208.**

# Alexandria

Rate Card for Current Rates and Rates Effective  
March 1, 2001

## Premium and Specialty Premium Services

Service	Current Monthly Charge	New Monthly Charge
HBO/HBO2	\$10.95	\$11.20
Starz	\$10.95	\$11.20
Cinemax	\$10.95	\$11.20
Showtime	\$10.95	\$11.20
The Movie Channel	\$10.95	\$11.20
Sundance Film Channel	\$5.95	\$6.20
ANA (Arab-Network)	\$10.95	\$11.20
Cañales (Digital Service Only)	\$10.95	\$10.95
Analog Service – per premium per A/O	\$4.95	\$4.95
Digital Service – per premium per A/O	\$4.95	\$4.95

## A La Carte Services

Service	Current Monthly Charge	New Monthly Charge
Encore	\$3.00	\$3.00
The International Channel	\$3.00	\$3.00
Turner Classic Movies	\$3.00	Expanded Service
Telemundo	\$3.00	Expanded Service
Cartoon	\$3.00	Expanded Service
A La Carte Service per A/O	No Charge	No Charge

## Service Fees

Service	Current Monthly Charge	New Monthly Charge
Limited Basic	\$12.26	\$12.26
Expanded Basic (Tier One)(Not Sold Separately)	\$21.45	\$23.78
Basic Plus (includes Limited Basic and Tier One)	\$33.71	\$36.04
Basic Plus on Additional Outlets	No Charge	No Charge
Pay Per View Movies	\$3.99	\$3.99
Pay Per View Adult Programming	\$6.99	\$6.99
Special events priced individually		
Monthly Cable Guide	\$1.50	\$1.50

Over 

## Equipment

Service	Current Monthly Charge	New Monthly Charge
Digital Converter	\$3.77	\$3.77 ←
Analog Addressable Converter	\$3.17	\$3.77 ←
Analog Non Addressable Converter	\$1.45	\$2.74
Analog Remote Control (one time purchase)	\$7.40	\$7.40
Lost or Damaged		
Digital Remote (per occurrence)	\$16.95	\$16.95
A/B Switch VCR (one time purchase)	\$14.95	\$14.95
A/B Switch Antenna (one time purchase)	\$49.95	\$49.95

## Transaction Charges

Service	Current Per Occurrence	New Per Occurrence
Activation (Prewired Home Installation)	\$18.77	\$22.14
<b>New Installation</b> (Unwired Home Installation)	\$28.15	\$30.04
Install A/O (same trip)	\$9.38	\$12.65
Install A/O (separate trip)	\$17.83	\$14.23
Transfer Service to New Residence	\$18.77	\$22.14
Change to Services	\$10.00	\$10.00
Late Fees	\$3.00	\$3.00
Return Check Fee	\$25.00	\$25.00
Home Service Call (VCR hookups, TV tuning, etc)	\$8.91	\$18.97
Same Day Install/Service Call	\$50.00	\$50.00
Relocates	\$18.77	\$23.72
Unreturned Equipment (per set) – Analog	\$300.00	\$300.00 ←
Unreturned Equipment (per set) – Digital	\$800.00	\$800.00 ←

Rates exclude franchise and FCC fees and taxes  
Additional costs may be incurred for custom installs.