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Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

**Re: Appropriate Framework for Broadband Access to the Internet over Wireline  
Facilities; Universal Service Obligations of Broadband Providers**

**Computer III Further Remand Proceedings: Bell Operating Company  
Provision of Enhanced Services**

**1998 Biennial Regulatory Review – Review of Computer III and ONA  
Safeguards and Requirements**

**CC Docket Nos. 02-33, 95-20, 98-10**

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Dear Ms. Dortch:

Cablevision Systems Corporation (“Cablevision”), by its attorneys, hereby submits this letter in lieu of reply comments in the above-captioned proceeding.

Cablevision fully supports the Commission’s goal of the expeditious deployment of broadband services to all Americans. *See* 47 U.S.C. § 157 nt. Under the Commission’s successful deregulatory approach to cable modem service, Cablevision has invested over \$3 billion in plant upgrades, which is critical to its ability to provide Optimum Online, its cable modem service. Optimum Online is now available to 3.1 million homes in Cablevision’s service territory, and over 560,000 customers currently have Optimum Online service.<sup>1</sup>

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<sup>1</sup> Optimum Online is available to 3.1 million homes in the New York Metro area out of the 4.3 million homes able to receive Cablevision’s video service.

By determining that cable modem service is an information service,<sup>2</sup> the Commission continued its deregulatory treatment of this broadband service. The Commission now is considering another aspect of broadband regulation -- *i.e.*, whether to impose universal obligations on cable operators' provision of cable modem service. For the reasons outlined below, it is premature to require cable operators to contribute to the universal service fund based on cable modem service. Imposition of such a requirement now could severely undercut the Commission's goal of ubiquitous broadband deployment.

Under section 254(d) of the Communications Act, the Commission may extend universal service contribution obligations to a non-common carrier "provider of interstate telecommunications" only if "the public interest so requires."<sup>3</sup> With respect to cable modem service, there are two reasons that militate strongly against such a determination. *First*, the imposition of a universal service contribution requirement could slow the pace of cable broadband deployment by creating additional upward pressure on customer rates. *Second*, so long as local governments are demanding franchise fees in connection with the provision of cable modem service, a universal service contribution requirement would place cable operators at a disadvantage vis-à-vis their competitors who are not be subject to local fees.

The issue of local authority over cable modem service is pending before the Commission in the *Cable Broadband NPRM*. A complete assessment of whether the public interest is served by imposing universal service contribution obligations on cable modem service providers requires a comprehensive review of the level of regulation imposed on all broadband providers, including financial and non-financial obligations. Without knowing the outcome of the *Cable Broadband NPRM*, it is not possible to determine whether such an obligation would be in the public interest.

Given the potential negative impact on broadband deployment as well as the unresolved issues preventing a full assessment of the public interest, Cablevision concurs with other commenters, such as NCTA,<sup>4</sup> that the imposition of universal service contribution requirements on cable operators for cable modem service offerings is unwarranted at this time.

Respectfully submitted,

CABLEVISION SYSTEMS CORPORATION

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<sup>2</sup> *Inquiry Concerning High-Speed Access to the Internet Over Cable and Other Facilities; Internet Over Cable Declaratory Ruling*, Declaratory Ruling, GN Docket No. 00-185, (rel. March 15, 2002) ("*Cable Broadband NPRM*").

<sup>3</sup> 47 U.S.C. § 254(d).

<sup>4</sup> See NCTA Comments at 3-6.

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