

March 14, 2003

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Ex Parte Notice

**Re: Implementation of Section 304 of the Telecommunications Act of 1996;
Commercial Availability of Navigation Devices, CS Docket No. 97-80**

Dear Ms. Dortch:

On March 14, 2003, representatives of Comcast Corporation (“Comcast”) met with Alex Johns, Legal Advisor to Commissioner Copps, to discuss the above-captioned rulemaking. Comcast was represented by James R. Coltharp, Senior Director, Public Policy, Comcast, and the undersigned.

We presented reasons why the Commission should eliminate the prohibition on cable operators’ deployment, after January 1, 2005, of new navigation devices that perform both conditional access and other functions in a single, integrated device. Retaining the current prohibition would impose substantial additional costs on consumers while achieving no significant consumer benefits. Although the prospective cost of PODs and host interfaces is a matter of dispute, even by the lower cost estimates supplied by the Consumer Electronics Retailers Coalition the ultimate cost to consumers of the integration ban would run to the hundreds of millions of dollars. These costs would produce no benefit whatsoever to the many cable subscribers who choose to lease set-top boxes rather than obtain them at retail.

We also explained that circumstances have changed markedly since the ban on integrated set-top boxes was adopted in 1998. Over the intervening period, competition from DBS has grown significantly, cable companies have recognized the competitive necessity of establishing much stronger relationships with consumer electronics manufacturers and retailers, and cable companies have demonstrated, through their actions, that they are meaningfully committed to promoting the retail availability of set-top boxes and, perhaps more important, integrated television receivers that incorporate the POD host interface.

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And, we emphasized, the cable industry is *not* challenging the requirement that cable operators support the POD approach to security but only the additional requirement that integrated set-top boxes be discontinued. In other words, the requirement in the first sentence of 47 C.F.R. § 76.1204(a)(1) would remain in effect; it is only the second sentence of that paragraph that should be deleted.

We discussed the adverse effects of the 2005 integration ban on future innovation. We noted in particular the benefits expected to be achieved from development of a new “multi-stream” POD, and the way in which retaining the 2005 ban would force industry to divert energies away from the multi-stream POD and instead purchase millions of “J2K-plus” PODs which would not have the advanced capabilities of the multi-stream POD. We emphasized that development and deployment of a multi-stream POD would not alter the industry’s commitment to support the J2K-plus POD.

In short, retention of the current ban on integrated boxes would needlessly saddle consumers with enormous costs and disrupt ongoing innovation, based on speculative and anachronistic perceptions of cable operators’ attitudes toward retail availability of navigation devices and functionalities.

This letter is filed pursuant to section 1.1206(b)(2) of the Commission’s rules. A copy is also being sent to Ms. Johns. Please let me know if you have any questions.

Respectfully submitted,

/s/

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cc: Alex Johns