

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)	
)	
Implementation of Section 304 of the Telecommunications Act of 1996)	CS Docket No. 97-80
)	
Commercial Availability of Navigation Devices)	
)	
Compatibility Between Cable Systems and Consumer Electronics Equipment)	PP Docket No. 00-67
)	

COMMENTS OF COMCAST CORPORATION

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Comcast Corporation (“Comcast”) hereby submits these comments in response to the *Notice* in the above-captioned proceeding.¹

I. INTRODUCTION AND SUMMARY

Comcast strongly supports the “plug-and-play” agreement for digital cable-ready devices entered into last December by the cable and consumer electronics industries (“Agreement”), and urges the Commission to expeditiously approve the proposed rules that will implement key elements of the Agreement. We agree with the Consumer Electronics Association (“CEA”) that “this Agreement stands as the single-most important step in moving the DTV transition forward

¹ See *In the Matter of Implementation of Section 304 of the Telecommunications Act of 1996: Commercial Availability of Navigation Devices; Compatibility Between Cable Systems and Consumer Electronics Equipment*, Further Notice of Proposed Rulemaking, CS Dkt. No. 97-80, PP Dkt. No. 00-67, FCC 03-3 (rel. Jan. 10, 2003) (“*Notice*”).

to date.”² The Agreement will provide substantial public interest benefits. Most importantly, it will create the technical, marketplace, and regulatory certainty to accelerate consumer acceptance and rollout of digital products and services and hasten the transition to digital television.

The Agreement reflects an historic shift in the relationship between the cable and consumer electronics industries. In past years, the two industries have disagreed strongly over cable equipment and other issues. However, marketplace realities have now forced the two industries to take a fresh and more constructive approach. In particular, consumers have made clear that they want more convenient ways to learn about and buy digital cable equipment and services at retail outlets, and the cable and consumer electronics industries are now committed to work together to meet that demand. The fact that DBS has built its thriving business through a retail model has provided additional impetus to cable retail efforts. In short, consumer demand and competitive dynamics have made retail sale a *business* imperative for the cable and consumer electronics industries, and the Agreement is the first -- and most important -- indication that both industries are committed to making retail sale work.

Comcast played a leading role in the plug-and-play negotiations, and can attest to the extraordinary time, effort, and commitment that over twenty industry participants contributed in

² CEA Press Release, *Cable And Consumer Electronics Companies Reach Key Agreement On Digital TV Transition Issues*, at http://www.ce.org/press_room/press_release_detail.asp?id=10134 (Dec. 19, 2002) (statement of CEA President Gary Shapiro). See also *Competition in the Telecommunications Industry: Hearing of the Senate Commerce, Science, and Transportation Committee* (Jan. 14, 2003) (Statement of Senator Conrad Burns) (“This major breakthrough clears an important hurdle in the DTV transition.”); *Plug-And-Play Agreement On Digital TV Is Hailed As Landmark*, Public Broadcasting Report (Jan. 10, 2003) (quoting spokesman for U.S. Representative Billy Tauzin as saying that the Agreement “will be a great Christmas present for consumers”).

drafting the Agreement. These participants negotiated long and hard for many months over dozens of complex technical and regulatory issues, ranging from copy protection and consumer education initiatives to network interface standards and equipment certification, and made numerous and often difficult compromises to reach consensus on the entire package.³ It is therefore critical that the Commission adopt the Agreement's jointly proposed rules *in their entirety*.⁴ Removing or rewriting certain provisions will jeopardize the entire Agreement, undermine the evolving partnership between the cable and consumer electronics industries, and deny consumers the timely benefits of digital plug-and-play cable equipment and services.

It is also important to emphasize that the Agreement's significance is not limited to *one-way* digital cable-ready devices. Many of the key provisions and compromises contained in the Agreement, such as those on encoding rules, digital connectors, cable plant specifications, and consumer education, provide the essential foundation for the cable and consumer electronics industries to reach a solution for *two-way* devices. (Cable and consumer electronics industry participants already have met three times on these two-way devices, and follow-on meetings are planned.) Failure to approve the Agreement's proposed rules in their entirety will thus jeopardize not only one-way digital cable-ready devices but also the pace and prospects for ongoing negotiations on two-way devices. Simply put, the negotiations on two-way devices will

³ The comments filed by the National Cable & Telecommunications Association in this proceeding provide a detailed description of all of the Agreement's provisions.

⁴ Specifically, the aspects of the Agreement for which the parties seek expeditious Commission approval include: (1) a set of technical standards for digital cable systems and "cable-ready" (or the equivalent) DTV products (and testing procedures to ensure compatibility); (2) a proposed regulatory framework for support of digital TV receivers, digital recorders, and other devices with secure interfaces on cable systems; and (3) "encoding rules" for all MVPDs to resolve pending concerns about home recording and viewing.

not move forward if the parties are forced to revisit these earlier foundational compromises, commitments, and basic technical agreements.

Comcast has already implemented key aspects of the Agreement and is firmly committed to making the retail deployment of one-way and two-way digital cable-ready devices a reality. As noted, Comcast wants to have these devices available at retail to attract consumers to our digital video services, including our new high-definition services, and thereby not only satisfy our customers' desires, but also allow us to better compete with the DBS industry. We are moving ahead expeditiously to achieve this goal. For example, Comcast now offers our high-definition digital cable service at Best Buy stores in Philadelphia and certain other service areas, and expects to launch the program in other markets, as well. We are also exploring similar marketing arrangements with other retailers. Likewise, Comcast is involved in numerous discussions with consumer electronics manufacturers to develop one-way and two-way digital cable-ready devices for retail sale.

We commend the Commission for initiating this rulemaking and urge it to finalize the implementing regulations as quickly as possible, so that consumer electronics manufacturers can begin building and marketing new plug-and-play devices and consumers can begin enjoying the tangible innovation-enhancing and competitive benefits that will flow from the Agreement.

II. THE COMMISSION SHOULD APPROVE THE PLUG-AND-PLAY AGREEMENT BECAUSE IT WILL PROVIDE SUBSTANTIAL PUBLIC INTEREST BENEFITS TO CONSUMERS AND INDUSTRY.

A. The Agreement Is Beneficial To Consumers.

The Agreement will benefit consumers in several important ways. As an initial matter, it will provide consumers with attractive new digital equipment options. Consumers will be able to purchase nationally portable digital cable-ready television sets and other digital devices that can receive one-way basic, high-definition, and premium cable services without the need for a set-

top box. Consumers will need to lease from their cable operator a special type of security device, known as a point-of-deployment (“POD”) module, to receive encrypted programming.⁵

The Agreement will also expand consumers’ access to digital programming by striking a reasonable compromise between the interests of the content community and the consumer electronics industry. Content providers have repeatedly said that they will withhold high-value digital content from cable systems unless they have some assurance that this content will receive adequate copy protection. Home recording rights advocates have responded that any copy protection scheme must accommodate consumers’ expectations regarding the fair use copying of television programming, such as for time-shifting purposes. The Agreement appropriately balances these valid competing concerns. On the one hand, it requires the use of digital connectors with robust copy protection on high-definition television receivers and cable set-top boxes, which will encourage content providers to distribute high-value digital content over cable systems.⁶ On the other hand, it establishes “encoding rules” (modeled on the standards

⁵ Consumers who wish to access two-way services on their digital cable-ready television sets will be able to lease or purchase digital set-top boxes that can deliver video-on-demand, impulse pay-per-view, interactive program guides, and other interactive cable services. In addition, digital cable systems will support any two-way POD-enabled devices that consumer electronics manufacturers might choose to build to existing two-way OpenCable specifications. *See Ex Parte* Letter from Neal Goldberg, NCTA, to Marlene Dortch, FCC, filed in CS Dkt. No. 97-80 (Mar. 13, 2003) (noting that “operators will continue to buy, deploy and support PODs built to the current specifications to accommodate devices in the market built to current interface specifications”) (emphasis in original). However, as discussed in greater detail below, the cable and consumer electronics industries are now meeting to discuss two-way digital devices, and the expectation is that the existing specifications for two-way POD-enabled devices will be revised as part of the negotiating process.

⁶ Digital connectors for high-definition television sets will be phased in over a four-year period, similar to the phase-in period adopted by the Commission in its digital tuner order. *See Review of the Commission’s Rules and Policies Affecting the Conversion to Digital Television*, 17 FCC Rcd. 15978, ¶ 40 (2002); 47 C.F.R. § 15.117(i). Such digital connectors will have the
(footnote continued...)

previously adopted by Congress and used in private licensing agreements between the studios and consumer electronics companies) that place certain limits on the use of copy protection so as to preserve the reasonable and customary home recording practices of all multichannel video programming distributor (“MVPD”) customers. For example, such customers may view and record free over-the-air broadcast programming without restrictions, and may watch pay-per-view, video-on-demand, and other high-value content in real time or on a time-shifted basis and copy such content as permitted by the program provider.⁷

(...footnote continued)

effect of “future-proofing” such sets. The expectation is that, over time, the industry standard will evolve to digital set-top boxes that include only digital connectors, rather than a mix of analog and digital connectors. If high-definition television sets did not include digital connectors, there would be a risk that consumers would be unable to access two-way digital cable services as they are developed and deployed by cable operators.

⁷ The proposed encoding rules include a number of other requirements. First, they ban the use of “selectable output control” technology by *all* MVPDs; such technology can be used to ensure that high-definition and other valuable programming content may be distributed over secure *digital* connections to television viewing and recording equipment, but *not* over *analog* connections, which typically lack robust copy protection. Because most high-definition television sets on the market today do not include digital connectors, however, a key problem with the potential use of selectable output control technology is that it could prevent consumers who own such legacy sets from viewing high-value digital content. Second, the encoding rules prohibit the down-resolution of unencrypted *broadcast* content when such content is transmitted over analog connections; down-resolution generally refers to a process by which high-definition content can be reduced to standard definition quality. The Agreement defers to the Commission on whether to adopt separate down-resolution rules for *non-broadcast* programming content over MVPD systems. As for the merits of down-resolution, the critical question to be answered is whether the consumer will have more (or fewer) choices of high-value digital content should down-resolution be prohibited, mandated, or permitted. Comcast notes that there would be advantages and disadvantages to a down-resolution requirement. Such a requirement might, on the one hand, further encourage content providers to distribute high-value programming over MVPD systems, but may, on the other hand, upset those consumers who may not be able to view such content in high-definition resolution on their legacy high-definition television sets (which have only an *analog* connector). If the Commission determines, as a number of content providers have suggested, that permitting down-resolution of high-value digital content delivered
(footnote continued...)

Finally, the Agreement includes the following important consumer education requirements:

- Cable operators are committed to educating local retailers about whether local cable systems can support one-way digital cable-ready devices, which in turn will allow these retailers to better serve consumers.
- Consumer electronics manufacturers must inform consumers about the capabilities of their digital cable-ready equipment in appropriate post-sale materials, such as the owner's manual.
- Digital television sets may not be marketed or labeled as "cable-ready" or "cable-compatible" or otherwise convey the impression that the device is fully functional with digital cable services, unless they tune both analog *and* digital channels off the cable system, include a POD slot to permit the receipt of encrypted programming, respond to emergency alert signals, and, in the case of high-definition televisions, include a secure digital connector.⁸
- The consumer electronics industry may use labels to distinguish between one-way, non-interactive devices and those cable-ready products with digital connectors that can be used with a set-top box to receive two-way interactive services.
- Cable operators will update "Go2Broadband," a Web-based program designed by CableLabs to help consumers and consumer electronics retailers in identifying the markets in which high-definition cable and high-speed Internet services are offered, as well as pricing information for such services.⁹ For example, a consumer using the program can learn whether high-definition cable service is available at the consumer's home address and whether cable-ready high-definition television sets and other digital devices are available at local retail outlets.

(...footnote continued)

over analog connectors is the only means of ensuring that such content will be made available to MVPDs and thus to consumers, Comcast would support adoption of rules achieving that result.

⁸ The consumer electronics industry also has the option of including digital connectors on cable-ready *standard definition* television sets.

⁹ See CableLabs, *CableLabs Announces HDTV Added To Go2Broadband Service Locator*, at http://www.cablelabs.com/news/pr/2003/03_pr_ces_g2b_010903.html (last visited Mar. 14, 2003).

Through these and other efforts, the parties to the Agreement hope to inform consumers about their equipment options, thereby reducing confusion and further aiding the digital transition.¹⁰ As Comcast enters into expanded arrangements with retailers to promote the purchase of cable services and equipment, we will do our part to encourage retailers to provide accurate and complete information about the capabilities of cable-ready equipment to potential purchasers at the point-of-sale.

B. The Agreement Is Beneficial To The Cable, Consumer Electronics, and Content Creation Industries.

The Agreement provides clear rules-of-the-road for the development and deployment of digital cable-ready equipment. Consumer electronics manufacturers can build and retailers can sell digital cable-ready high-definition television sets and other digital devices with the certainty that these devices will work on digital cable systems throughout the country. In particular, the Agreement requires that, by July 1, 2004, cable operators must implement various technical standards in their cable systems with an activated channel capacity of 750 MHz or greater to support the POD-enabled digital devices consumers purchase at retail, and must order a supply of PODs sufficient to meet the expected consumer demand for encrypted programming services.¹¹

¹⁰ The Commission may want to consider pursuing *additional* measures to promote consumer awareness about digital television, such as launching a public education campaign or partnering with the affected industries to provide consumers with more complete pre- and post-purchase information about digital television products. *See Additional Federal Efforts Could Help Advance Digital Television Transition*, U.S. General Accounting Office, GAO-03-7, at 39 (2003) (urging the Commission to lead such a DTV public awareness campaign).

¹¹ *All* digital cable systems must also comply with other complementary technical standards, including support of retail devices intended for use with operator-supplied PODs. As detailed (footnote continued...)

Moreover, the cable industry must begin to deploy high-definition set-top boxes that include digital connectors, thus ensuring that consumers who have purchased digital cable-ready devices can lease or purchase a compatible set-top box to view or record (where permitted by the programmer) two-way cable services.¹² The Agreement also includes a streamlined process for testing and certifying (including self-certifying) digital cable-ready devices, as well as a streamlined version of the POD-Host Interface License Agreement (“PHILA”) for one-way digital cable-ready devices, so that new products can get to market more quickly and cost-effectively.¹³

In addition, the Agreement will play an important role in accelerating the rollout of digital cable services. First, as noted above, the copy protection requirements included in the Agreement will encourage content providers to develop and distribute high-value digital content over cable systems, thereby increasing consumer interest in digital cable video services,

(...footnote continued)

below in Section IV, Comcast has already taken significant steps to implement the technical aspects of the Agreement and has also placed orders for the PODs referenced in the Agreement.

¹² Effective December 31, 2003, cable operators must provide customers, upon request, with high-definition set-top boxes with a functional 1394 digital connector; 1394 is a secure digital output used to transmit digital content from the set-top box to a digital recording device that obeys the encoding rules, as well as to other types of devices. Effective July 1, 2005, cable operators must include both 1394 and DVI (or HDMI) connectors on all of the high-definition set-top boxes leased to their customers. DVI is a secure digital output used to transmit digital content from the set-top box to a high-definition television monitor, among other devices. HDMI is a next-generation digital display output that combines high-definition video and multi-channel audio in a single connector.

¹³ Although the Agreement specifies *particular* SCTE standards, secure digital connectors, and encoding rules, it is also designed to accommodate technological innovation by establishing streamlined processes for the parties (and, if necessary, the Commission) to update, augment, and replace certain of the specified requirements as new technological solutions are developed and become available.

including high-definition television.¹⁴ Second, the Agreement will help cable operators enhance their presence at consumer electronics retail outlets. The satellite broadcast industry's longstanding relationships with retailers have contributed significantly to DBS' robust growth over the last decade and made DBS companies strong competitors to the cable industry.¹⁵ The Agreement will help the cable industry respond more effectively to this competitive challenge. Increased visibility of digital cable equipment and services at retail will increase competition and ultimately benefit consumers.¹⁶

The Agreement also establishes a path forward for future negotiations on mutually agreeable solutions for *two-way* cable-ready digital devices. There will be many challenges and complexities in developing a solution for two-way devices, but we fully support these efforts and are pleased that negotiations have begun and are off to a positive start. Representatives of the cable and consumer electronics industries have already had three meetings to discuss these two-

¹⁴ Over 31% of Comcast cable customers (or 6.6 million customers) currently subscribe to our digital video services. See Comcast Corporation, Securities and Exchange Commission Form 10-K, at 4 (filed Mar. 20, 2003). As for the cable industry as a whole, more than 25% of cable subscribers now receive digital cable service. See NCTA, *Cable & Telecommunications Industry Overview 2002 Year-End*, at 4 (2002), available at http://www.ncta.com/pdf_files/YERDraft.pdf.

¹⁵ DBS has grown from 40 *thousand* customers in 1994 to over 20 *million* customers today. Compare *Implementation of Section 19 of the 1992 Cable Act: Annual Assessment of the Status of Competition in the Market for Delivery of Video Programming*, 9 FCC Rcd. 7442, ¶ 65 (1994) with *Kagan Media Money* at 7 (Jan. 29, 2003).

¹⁶ See also discussion in Section IV below regarding Comcast's significant efforts to promote retail deployment of digital cable products.

way devices, and more such meetings are planned.¹⁷ The business imperatives that led the two industries to reach an agreement on one-way devices apply with equal or greater force to two-way equipment. Both industries are firmly committed to meet consumer demand for greater retail options for cable equipment and services. A future agreement on two-way devices will further enhance the cable industry's presence at retail, which will be particularly important as DBS providers are now building personal video recording and other advanced functionality into their retail equipment. It will also increase consumer interest in, and purchase of, *all* digital cable services, including two-way services, as well as two-way cable-ready digital equipment.

But the Agreement does not simply commit the industries to talk about two-way cable-ready digital devices; it actually establishes the critical technical requirements and rules and an overall framework for facilitating the development and deployment of such two-way devices. Representatives of the cable and consumer electronics industries recognized during negotiations on the Agreement that it would not be possible to complete work on solutions for two-way devices in a timely fashion, and therefore focused their efforts on reaching consensus on those core issues, such as secure digital connectors, encoding rules, cable plant specifications, and consumer education, that not only allow for the deployment of one-way devices in the near term but also provide the technical foundation for a follow-on agreement on two-way devices. Consequently, as further discussed in the next section, Commission approval of the Agreement's proposed rules is necessary to facilitate the rollout of one-way digital cable-ready devices *and* the successful negotiations and agreement on two-way equipment. By contrast, rejection or

¹⁷ In fact, as a result of these initial meetings, the parties have already agreed that cable operators will provide their full electronic program guide through the OpenCable Application Platform ("OCAP").

alteration of these proposed rules could imperil the development and deployment of both one-way and two-way devices, as the industries would be sent back to the drawing board on both fronts.

Finally, while the cable and consumer electronics industries are diligently working to reach consensus on two-way solutions, it is important to recognize that there are other positive developments ongoing with respect to two-way cable-ready devices. For example, CableLabs is working with various consumer electronics manufacturers to further encourage the development of one-way *and* two-way digital cable-ready devices under the existing PHILA. Likewise, Comcast has been meeting with several consumer electronics manufacturers about developing such products for the retail market. These discussions and developments may lead to two-way products before the December 31, 2005 deadline established by the Agreement for a consensus on two-way, an outcome that Comcast would strongly support. The faster the cable and consumer electronics industries can agree on a complete set of plug-and-play standards and rules to facilitate both one-way and two-way digital cable-ready devices, the more such devices can be sold to consumers at retail and the more effectively cable can compete with the DBS industry to provide consumers with advanced services.

III. THE AGREEMENT'S PROPOSED RULES MUST BE APPROVED *IN THEIR ENTIRETY*, AS ALL OF THE AGREEMENT'S NEGOTIATED ELEMENTS ARE INEXTRICABLY INTERTWINED.

Consumer electronics manufacturers have indicated that they could have digital cable-ready products available for retail at the end of this year or early next year. However, consumers will only see these tangible benefits from the Agreement if the Commission acts promptly to adopt the proposed implementing rules included in the Agreement. As the parties to the Agreement noted in their December 19, 2002 letter to the Commission, the mutual, private sector

undertakings outlined in the Agreement, including the licensing of critical copy protection technology for digital cable-ready devices, are “contingent on the adoption of the FCC rules.”¹⁸

The Commission should approve the proposed package of rules in its entirety. Comcast played an important role in the plug-and-play efforts, and can attest to the enormous amount of time, energy, and resources that industry participants contributed in drafting the Agreement. The two sides negotiated long and hard over dozens of complex technical and regulatory issues, such as copy protection, consumer education, network interface standards, and equipment certification, and made numerous and difficult compromises to reach consensus on the entire package. It is not possible to remove certain provisions without jeopardizing the entire Agreement as well as ongoing negotiations on two-way devices. The key technical and copy protection provisions that require Commission action are integral to the commitments the parties have made to each other with respect to other provisions that do not require Commission approval. Consequently, the Commission should reject proposals that would make significant changes to the Agreement or the proposed rules.

For example, the Commission must apply the Agreement’s encoding rules, as written, to *all* MVPDs. Doing so will allow consumers to gain access to premium digital content through a variety of competing programming distributors.¹⁹ We are particularly concerned that, if the

¹⁸ Letter from Representatives of the Cable and Consumer Electronics Industries to FCC Chairman Michael Powell, filed in CS Dkt. No. 97-80 & PP Dkt. No. 00-67, at 3 (Dec. 19, 2002) (conditioning access to DFAST license).

¹⁹ We believe that the Commission has the necessary authority to adopt encoding rules for all MVPDs. *See, e.g.*, 47 U.S.C. § 544a (cable compatibility); § 549 (navigation devices); § 336(b)(4-5) (digital television); and, if necessary, in conjunction with the foregoing provisions, §§ 2(a), 4(i), 303(r) (ancillary authority). Should the Commission conclude otherwise, we urge it to ask Congress for authorizing legislation as quickly as possible. In addition, to the extent the
(footnote continued...)

prohibition on selectable output controls were not extended to non-cable MVPDs, content providers may conclude that they should provide their most highly-valued content *only* to DBS and other non-cable MVPDs, which (unlike cable) would be able to turn off their analog outputs and thereby allow such premium content to be delivered solely over secure digital outputs. This would be tantamount to the government granting non-cable MVPDs *de facto* exclusivity over certain premium digital content. Such discriminatory application of a selectable output control prohibition could slow the digital transition by depriving cable customers of certain high-value content, thereby reducing their incentives to invest in digital equipment and services.²⁰ In addition, as noted, allowing non-cable MVPDs to employ selectable output control technology would harm countless consumers who subscribe to such non-cable MVPDs by preventing them from viewing certain premium content on their legacy high-definition sets.²¹

IV. COMCAST HAS ALREADY IMPLEMENTED KEY ASPECTS OF THE AGREEMENT AND IS COMMITTED TO PROMOTING THE RETAIL AVAILABILITY OF DIGITAL PLUG-AND-PLAY DEVICES.

The Agreement provides further evidence of the cable industry's ongoing efforts to expand consumer access to cable equipment and services through various retail outlets. As noted, retailers may begin selling digital cable-ready devices by the end of this year, and our

(...footnote continued)

Commission may adopt down-resolution rules, *see n.7 supra*, such rules must be applied to all MVPDs, as well.

²⁰ To the extent the Commission may lack jurisdiction to apply these encoding rules to *non-MVPDs* (such as Internet service providers), the Agreement commits the cable and consumer electronics industries to support legislation to provide the Commission with such authority. Comcast would support such legislative efforts.

²¹ *See n.7 supra.*

company will be ready to support those products on our cable systems. In fact, we already comply with key elements of the Agreement, and are prepared to move quickly on other aspects of the Agreement once the Commission completes this rulemaking. For example, our digital cable systems with activated channel capacity of 750 MHz or greater already meet the various technical standards identified in the Agreement as necessary to support POD-enabled devices.²² We have placed orders for high-definition set-top boxes that include the DVI digital connector, and expect delivery of these boxes later this year. We are committed to placing orders for high-definition set-top boxes with both the DVI and 1394 connectors, consistent with the Agreement.²³ We have also placed orders for PODs, built to the technical standards outlined in the Agreement, in order to meet expected consumer demand for encrypted services delivered to one-way digital cable-ready devices.

²² We have advised the FCC on several occasions over the last few years of our commitment to support the interconnection and use of POD-enabled devices purchased at retail. *See, e.g., Ex Parte* Letter from Neal Goldberg, NCTA, to Ken Ferree, Chief, Media Bureau, filed in CS Dkt. No. 97-80 (Aug. 2, 2002), appending letter from Comcast and other major cable multiple system operator (“MSO”) executives to Dr. Richard R. Green, President and CEO, CableLabs (Nov. 24, 1999) (confirming MSOs’ “complete support” of CableLabs’ OpenCable project and commitment to support the interoperability of their cable systems with set-top boxes, integrated TV receivers, and other navigation devices which comply with OpenCable specifications).

²³ In response to Chairman Powell’s Voluntary DTV Initiative, Comcast joined other leading cable operators in committing “to place orders for integrated high-definition set-top boxes with digital connectors and provide these boxes to customers who request them as soon as the boxes are obtained from manufacturers.” Letter from Robert Sachs, President & CEO, NCTA, to FCC Chairman Michael Powell (May 1, 2002) (“Cable Voluntary DTV Commitments Letter”) (also committing MSOs to use advertising and other promotional tools so that consumers are made fully aware of high-definition television and other value-added digital programming).

In addition, the Agreement will help us build on the relationships we now have with leading consumer electronics manufacturers and retailers for the development, deployment, and marketing of digital equipment and services at retail. For example, we established a successful partnership with Best Buy last year to offer our high-definition digital cable service at Best Buy stores in Philadelphia and certain other service areas, and we expect to launch the program in other markets, as well. Under this program, Best Buy stores work with Comcast to create a promotional space in which customers can view and learn more about our high-definition cable services. If they are interested in subscribing, customers can purchase a high-definition service kit at the store, which includes discount coupons and other promotional items. Customers can then subscribe to the service by calling us from home or, as an added convenience, directly from the store.²⁴ We are exploring similar marketing arrangements with other retailers, and fully support industry efforts to promote the retail availability of digital set-top boxes.²⁵

Our desire to work closely with consumer electronics manufacturers is equally strong. The consumer electronics industry spends billions of dollars each year on research and

²⁴ We offer high-definition programming in most of our major markets, and we plan to launch the service elsewhere. The cable industry as a whole is offering high-definition programming in 73 of the top 100 DMAs, including 17 of the top 20 DMAs. See Robert Sachs, President & CEO, NCTA, *The Mother of Cooperation*, Remarks to the Annual Meeting of the Advanced Television Systems Committee, Washington, D.C. (Mar. 11, 2003).

²⁵ See *Ex Parte* Letter from Robert Sachs, President and CEO, NCTA, to FCC Chairman Michael Powell, filed in CS Docket No. 97-80 (October 10, 2001) (committing Comcast and other cable operators to encourage their set-top box suppliers to make the same *integrated* set-top boxes they provide to operators available through retail outlets, and to provision and support these boxes in their cable systems). Our company also has a strong track record of promoting our high-speed cable Internet service and consumer purchase of cable modems at retail in partnership with leading retail outlets, including Best Buy, Circuit City, Radio Shack, CompUSA, and Office Depot.

development. We want our industry and our customers to benefit from the creativity and innovation that stem from such a level of commitment. As noted, we are currently in discussions with various consumer electronics manufacturers regarding the development of new retail digital video equipment for the home, and we are committed to partnering with more suppliers to enhance the digital cable equipment options for our customers.

V. CONCLUSION

Based on the foregoing, Comcast respectfully urges the Commission to approve the Agreement and codify the proposed rules as quickly as possible. Doing so will enable the cable and consumer electronics industries to implement its provisions, which in turn will bring numerous benefits to consumers in terms of more innovative, portable digital equipment, rich digital content, and increased competition among equipment and multichannel video service providers alike.

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