

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	
Annual Assessment of the Status of)	MB Docket No. 04-227
Competition in the Market for the)	
Delivery of Video Programming)	

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July 23, 2004

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION AND SUMMARY	1
II. CONSUMERS HAVE MANY COMPETITIVE ALTERNATIVES TO CABLE.	4
A. Direct Broadcast Satellite Continues To Attract Large Numbers of Consumers and To Enhance Its Competitive Position.	5
B. Broadcasters Are Using the Flexibility of Their Digital Signals To Create a New Type of Multichannel Video Competition.	12
C. Other Competitors Are Distributing Video Programming in a Variety of Innovative Ways.....	14
D. BSPs Offer Additional Competition in Various Markets.....	17
E. RBOCs Are Exploring New Ways To Compete in the Video Marketplace.	19
III. COMCAST CONTINUES TO INVEST AND INNOVATE TO KEEP PACE WITH THE CHALLENGES OF AN INCREASINGLY COMPETITIVE MARKET.	22
A. Comcast Has Continued To Upgrade Its Cable Systems To Meet Consumers' Demands and Attract New Customers.	22
B. Comcast Has Made Substantial Investments To Bring More Programming Services and Options, Including HDTV Services, to the Areas It Serves.....	24
C. Comcast's Ambitious Plan To Roll Out VOD to Every Market Is Well Underway.	29
D. Comcast's DVR Service Is Allowing Customers Even More Ways To Control What, When, and How They Watch Video Programming.	32
E. Customer Service Gets Better and Better.	34
F. Comcast Has a Vested Interest in Enhancing the Lives and Opportunities of Its Customers and Employees in Each and Every Community It Serves.	36

IV. NEW COMPETITIVE REALITIES WARRANT A CRITICAL REVIEW OF ALL REGULATORY REQUIREMENTS ESTABLISHED BEFORE DBS COMPETITION HAD EVEN BEGUN..... 39

A. A Fresh Assessment of Regulatory Requirements Is Long Overdue. 39

B. The Commission Should Remove or Revise All Cable Rules That Are No Longer Justified in This Competitive Marketplace. 40

C. The Commission Should Recommend That Congress Consider Adopting Pro-Competitive Revisions to the Communications Act. 43

V. CONCLUSION 45

APPENDICES A and B ATTACHED

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Comcast Corporation (“Comcast”) hereby responds to the Commission’s Notice of Inquiry (“*Notice*”) in the above-captioned proceeding.¹ We welcome the opportunity to provide information and analysis that will assist the Commission in concluding that: (1) the current state of the video marketplace serves consumers better than ever before, with increased choices, improved quality, more flexibility and control, and increased value; and (2) the state of competition warrants continuing reduction in the regulatory burdens placed on cable operators.

I. INTRODUCTION AND SUMMARY

The Cable Act of 1992 requires the Commission to report annually to Congress on the status of competition in the market for the delivery of video programming, and this year’s report will be the Commission’s 11th. Last year, for the first time, the Commission stepped away from the narrow year-to-year comparisons of its prior reports and, taking a “broader view,” assessed

¹ *In re Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Notice of Inquiry, MB Docket No. 04-227, FCC 04-136 (June 17, 2004) (“*Notice*”).

the transformation that had occurred over the prior decade.² It reviewed the growth of competition among multichannel video programming distributors (“MVPDs”) and the benefits that had resulted from this competition -- most notably that “the vast majority of Americans enjoy more choice, more programming, and more services than any time in history.”³ That statement was true a year ago, and is truer than ever this year.

Competition among MVPDs has intensified further. Most notably, cable faces stronger Direct Broadcast Satellite (“DBS”) providers, one of which is now controlled by global media powerhouse News Corp. and two of which now have aligned with the Bell companies in joint marketing campaigns. A third, catering to HDTV aficionados, is now competing coast-to-coast. Consumers are also increasingly taking advantage of other methods of accessing video programming: retail DVD sales and rentals are booming, Internet-based DVD rentals have nearly doubled, various Internet-based video streaming businesses are growing rapidly, and multichannel pay services using broadcasters’ multicast capabilities have now been launched. Meanwhile, of course, the cable industry is responding to this competition through constant investment, innovation, and other increases in the value proposition it offers to consumers. New networks have been launched, delivery of high-definition television (“HDTV”) programming has increased markedly, and user flexibility and control have been greatly enhanced through the widening deployment of digital video recorders (“DVRs”) and the growing availability of video-on-demand (“VOD”).

² *In re Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, 19 FCC Rcd. 1606 ¶ 2 (2004) (“2003 Video Competition Report”).

³ *Id.* ¶ 4.

Comcast in particular has risen to the challenge of competing in this new environment. Consistent with the commitments we made in our acquisition of AT&T Broadband, we have upgraded almost all of our cable systems. We have expanded the range of video programming available by offering innovative national and regional programming (including more HDTV channels in more markets, unique foreign-language channels, a wide variety of sports programming for almost every sport imaginable, and a growing array of programming tailored to highly specialized interests). Pressed to do so by competition from DBS, we are rapidly expanding the availability of DVR service, and, in order to distinguish ourselves from our DBS competitors, we have significantly expanded the availability of VOD and assembled an extensive, diverse, and growing library of VOD content. We have dedicated additional resources to improving customer service (including moving functions “in-house” that previously had been outsourced), and we have continued and expanded our public service commitments to the communities we serve. In these and other ways, Comcast is working harder than ever to compete successfully.

Our efforts, and those of our competitors, are producing enormous benefits for consumers. Households today not only can choose from among multiple MVPDs (and from various suppliers of video programming that are not MVPDs) but also -- and to a much greater extent than some may realize -- from among multiple packaging and pricing options that each MVPD offers.⁴ Choice, diversity, convenience, flexibility, and value all continue to increase.

⁴ A list of the various options that Comcast alone offers, in a single representative market, is attached at Appendix A. It is important to note that this list does not even include the numerous programming choices provided by pay-per-view or VOD. Also attached at Appendix B, per *Notice* ¶ 8, is Comcast’s rate card and channel lineup for its Arlington cable system.

And the prospects for the future are outstanding, both for industry and for consumers. This is no “zero-sum game” where consumers’ gains must come at industry’s expense, or vice versa. When service providers like Comcast deliver more services and more features that consumers truly value, both industry and consumers win.

In a competitive and dynamic marketplace such as this, it is essential that government take pains not to hobble marketplace participants -- or to skew marketplace competition -- with outdated or otherwise unnecessary regulatory burdens. Today’s marketplace circumstances call into question the continued need for many of the regulations that were developed in a decidedly different era. The Commission was wise to solicit comments on ideas for reform of regulations that were designed for 1992, not 2004,⁵ and we tender responsive suggestions below.

II. CONSUMERS HAVE MANY COMPETITIVE ALTERNATIVES TO CABLE.

Over the past decade, the video marketplace has undergone a monumental evolution. Competition has grown in every part of the video business: production, aggregation, and distribution. The result, as the Commission has already found, is that “the vast majority of Americans enjoy more choice, more programming and more services than any time in history.”⁶

In one sense, that same statement would have been true had it been made in 1992. Throughout most of the previous half-century, the video aggregation (networking) and distribution business consisted only of broadcasters, including the broadcast networks and network affiliates; consumers had the option of going to the movies, of course, but otherwise

⁵ Notice ¶ 10.

⁶ 2003 Video Competition Report ¶ 4.

their choices consisted of choosing among three or four TV broadcast channels. But then cable came on the scene, and by 1992, the capital, imagination, and energy of cable operators had multiplied those options by tenfold. This was a significant development in terms of consumer access to video programming, but of course competition in the MVPD marketplace was still in its early stages of development.

The pace of change and the growth of consumer benefits accelerated rapidly over the past decade as cable has faced growing competition. As discussed in the *following* section, cable is ready, willing, and able to handle the challenges of competition. *This* section catalogs the competition that cable faces. Today, competition for consumers is fierce. DBS providers, cable operators, and other video programming distributors compete for customers in every city, town, and hamlet across the country. And competition is only growing stronger as DBS providers enhance their competitive positions, broadcasters explore new means (including multichannel offerings) to reach consumers, telephone companies invest in new distribution technologies, and consumers turn to established retail outlets and to innovative businesses that provide access to even more diverse offerings.

It has long been the case that consumers desiring access to video programming had numerous sources above and beyond those offered by their local cable company. Those options are more numerous and competitive than ever.

A. Direct Broadcast Satellite Continues To Attract Large Numbers of Consumers and To Enhance Its Competitive Position.

Although a few advocates who refuse to open their eyes to the evidence and are oblivious to everything but the sound of their own rhetoric continue to pair the words “cable” and “monopoly,” the reality has long been otherwise. As the investigative arm of Congress has

concluded, DIRECTV and EchoStar are “available nationwide,” which means that consumers have the benefit of “a *second and third formidable competitor in every market.*”⁷ The word “formidable” is not overstated.

As in every year since they began offering service, DIRECTV and EchoStar (d/b/a “DISH Network”) are still experiencing strong subscriber growth. DIRECTV is currently the second largest MVPD with 12.6 million subscribers,⁸ and DISH Network is the fourth largest MVPD with over 10 million subscribers.⁹ Together, DIRECTV and EchoStar’s 22.6 million subscribers represent approximately 25% of all MVPD consumers.¹⁰

DIRECTV and EchoStar long ago surmounted the limitations that at one time were cited as reasons why satellite could not present a “competitive alternative” to cable. Huge dish sizes, high up-front costs, and lack of local broadcast channels are no longer factors. The first two of these problems disappeared years ago, and the third is mostly gone as well. Both DIRECTV and EchoStar continue to strengthen their competitive position by expanding the availability of their

⁷ U.S. Gen. Accounting Office, *Telecommunications: Wire-Based Competition Benefited Consumers in Selected Markets* 26 (Feb. 2004) (emphasis added). GAO recently changed its name to the Government Accountability Office, but the cited report was issued prior to the name change.

⁸ See Earnings Release, DIRECTV, Inc., *The DIRECTV Group Announces First Quarter 2004 Results* 3 (May 4, 2004). This represents an 8.6% increase over the 11.6 million subscribers DIRECTV had just nine months earlier, in June 2003. Compare *id.*, with *2003 Video Competition Report* ¶ 67.

⁹ See Press Release, EchoStar Communications Corp., *DISH Network Passes 10 Million Customer Milestone* (June 14, 2004) (“*EchoStar Press Release*”). This represents a 13.6% increase over the 8.8 million subscribers EchoStar had in June 2003. Compare *id.*, with *2003 Video Competition Report* ¶ 67. EchoStar, on average, has added approximately 1.2 million new subscribers each year since it launched in 1996. See *EchoStar Press Release, supra*. At this rate, EchoStar will be the third largest MVPD within the next year.

¹⁰ Kagan Research, LLC, *Kagan Media Index*, Kagan Media Money, June 22, 2004, at 8 (reporting that U.S. multichannel video subscribers total 91.3 million as of the end of May 2004).

local-into-local service.¹¹ Since the beginning of this year alone, DIRECTV and EchoStar expanded their local channel coverage into numerous additional markets: DIRECTV launched service in 24 new markets, and EchoStar added 40 new local markets.¹² As a result, DIRECTV offers local-into-local programming in 88 markets, and EchoStar offers local-into-local programming in 141 markets.¹³ Both providers plan additional launches (DIRECTV plans to serve at least 130 local markets with local-into-local programming by the end of 2004¹⁴), and both are expected to offer local channels to more than 90% of U.S. television households by the end of 2004.¹⁵

¹¹ Ronald Grover & Tom Lowry, *Satellite's Hot Pursuit of Cable*, Business Week, May 24, 2004, at 46 (“In markets where satellite has added local TV stations, which now include more than 70% of homes with TVs, cable customers turned in their boxes in droves.”); see *In re General Motors Corp. and Hughes Elec. Corp. Transfers, and The News Corp., Ltd., Transferee, for Authority to Transfer Control*, Memorandum Opinion & Order, 19 FCC Rcd. 473 ¶ 333 (2004) (“*News Corp. DIRECTV Order*”) (“To the extent that the transaction results in an increase in the amount of DBS-provided local-into-local service and/or the number of HDTV channels offered to subscribers, this should increase competition in MVPD markets and should benefit consumers through increased choice, lower prices, or both.”).

¹² See Press Release, DIRECTV, Inc., *DIRECTV To Offer Local Channels in Wausau, Wisc.* (May 24, 2004), available at http://www.directv.com/DTVAPP/aboutus/headline.dsp?id=05_24_2004B; Chris Walsh, *EchoStar Posts \$43M Loss; But Satellite-TV Firm Added 360,000 Subscribers in Q1*, Rocky Mountain News, May 7, 2004, at 5B.

¹³ See Press Release, DIRECTV, Inc., *DIRECTV Launches Local Channels in 11 Previously Announced Markets* (June 9, 2004), available at http://www.directv.com/DTVAPP/aboutus/headline.dsp?id=06_09_2004A; Press Release, EchoStar Communications Corp., *Entry into Charleston, S.C., Makes DISH Network Local Channels Available to 100 Million TV Households* (July 22, 2004), available at http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=dish&script=410&layout=-6&item_id=594917. DISH Network currently offers local channels in all 50 states and the District of Columbia, representing 92% of all U.S. TV households. See *id.*

¹⁴ See Press Release, DIRECTV, Inc., *DIRECTV 7S Successfully Delivered on Sea Launch Vehicle; Space Systems/Loral-built Spot Beam Satellite Will Significantly Expand DIRECTV Local Channel Coverage* (May 5, 2004) (“The satellite will enable DIRECTV to expand its local channel programming to an additional 42 markets and transmit local channels to 19 existing local-into-local markets, freeing up capacity on other DIRECTV satellites for delivery of more local channels and other new services.”), available at http://www.directv.com/DTVAPP/aboutus/headline.dsp?id=05_04_2004A.

¹⁵ See Jason Bazinet *et. al.*, JPMorgan North America Equity Research, *U.S. Cable and DBS: 1H04 DBS Local Expansion Update 2-4* (June 7, 2004).

DBS providers have not only overcome the initial hurdles to becoming full-fledged competitors but have also perfected new ways to distinguish their services and attract customers away from cable operators, for example, by signing exclusive contracts for unique and valuable programming. As in past years, certain programming continues to be available exclusively on DBS. For example, DIRECTV offers the wildly popular NFL SUNDAY TICKET and exclusive seasonal sports programming packages like MEGA MARCH MADNESS.¹⁶ DIRECTV is also the exclusive distributor of certain foreign-language programming such as Jadeworld, a multi-channel service that DIRECTV describes as “the very best Chinese language programming in both Cantonese and Mandarin.”¹⁷ Similarly, DISH Network is the exclusive distributor of certain international programming, including the Al Jazeera network and the popular East Enders pay-per-view programs.¹⁸

In addition, both companies have entered into new relationships that further strengthen their reach and their appeal. In a major new development since last year, all four Regional Bell Operating Companies (“RBOCs”) have entered into joint marketing agreements with one or both of the two leading DBS providers, enabling them to combine broadband, multichannel video, and

¹⁶ See DIRECTV, Inc., *Sports Programming, Go Everywhere the Action Is!*, at <http://www.directvsports.com/Packages/NFLSundayTicket/> (last visited July 20, 2004); Press Release, DIRECTV, Inc., *DIRECTV To Offer up to 100 NFL SUNDAY TICKET Games in High-Definition in 2004* (July 21, 2004) (“This is . . . yet another example of DIRECTV giving consumers programming that cable can’t match.” (quoting Stephanie Campbell, Executive Vice President, Programming, DIRECTV, Inc.)), available at <http://ir.thomsonfn.com/InvestorRelations/PubNewsStory.aspx?partner=5276&storyId=117693>.

¹⁷ See DIRECTV, Inc., *Packages, International Services*, at http://www.directv.com/DTVAPP/packages/international_services.dsp (last visited July 20, 2004).

¹⁸ See DISH Network, *Programming*, at <http://www.dishnetwork.com/content/programming/channels/index.asp?type=1&netwid=50433> (last visited July 20, 2004).

telephone services, and giving DBS operators the ability to exploit the customer relationships and RBOC brand names with virtually every household in every service area in the Nation.¹⁹ Under these agreements, RBOC customers are offered bundled services and unified billing that promise consumers convenience and cost savings. For example, SBC has launched a bundled package of SBC services (local and long distance telephony and high-speed Internet) and DISH Network television in the 13 states it serves (with 55 million telephone lines) and estimates that its most inclusive bundled package will save customers more than \$380 annually compared to the stand-alone price of these services.²⁰ Similarly, in California, Verizon claims that customers who combine a DIRECTV package with Verizon's local, regional, and long-distance calling and high-speed Internet services will save \$370 a year.²¹ These arrangements are proving to be successful: in the first five months of its venture with EchoStar, SBC signed 120,000 new DISH Network subscribers.²²

¹⁹ According to Lara Warner, analyst at Credit Suisse First Boston, "Verizon's action to discount video pricing further escalates the competitive battle between the cable industry and the regional Bell operating companies." Ellen Sheng, *Update: DIRECTV-Verizon Deal More Competition for Cable*, Wall St. J., Jan. 29, 2004.

²⁰ See Press Release, SBC Communications Inc., *SBC Communications Adds New 'DISH' To the Menu, Launches 'Quadruple Play' Bundle with Satellite TV* (Mar. 3, 2004), available at <http://www.sbc.com/gen/press-room?pid=4800&cdvn=news&newsarticleid=20997>.

²¹ See Press Release, Verizon Communications, *Verizon Invites California Customers To Cut the Cable and Integrate Calling, Internet and DIRECTV Programming* (May 27, 2004) (explaining that, in addition to California, the Verizon/DIRECTV bundled service is currently offered in Massachusetts, Maine, New Hampshire, Vermont, Rhode Island, New York, Connecticut, Texas, and Florida, and will become available later this year in the Northwest, Great Lakes, and Mid-Atlantic regions), available at <http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=85273>.

²² See SBC Communications, Inc., *SBC Investor Briefing 3* (July 22, 2004), available at http://www.sbc.com/Investor/Financial/Earning_Info/docs/2Q_04_IB_FINAL.pdf.

Another major new development is that DIRECTV is now controlled by News Corporation.²³ There is every indication that DIRECTV will become an even more formidable competitor as a result.²⁴ Rupert Murdoch, “legendary for his tenacity, has vowed to take as many cable customers as he can.”²⁵ According to News Corporation executives, “[c]ombining Hughes’ exceptional knowledge and history of satellite innovation with News Corporation’s and Fox’s creative talents and record of success in satellite television will result in a company with unmatched entertainment and technological offerings.”²⁶ The addition of News Corporation to the MVPD mix vertically integrates both News Corp. and Liberty Media with DIRECTV and undoubtedly strengthens an already strong competitor.

In addition to two strong and established DBS providers, a third DBS choice is now available nationwide. VOOOM, a new DBS service controlled by Cablevision, serves the continental United States with 36 HD channels and 80 standard-definition channels,²⁷ which it claims is “the Most HDTV Anywhere.”²⁸ Voom also offers exclusive programming of twenty-

²³ See generally *News Corp. DIRECTV Order*, 19 FCC Rcd. 473.

²⁴ See *id.* ¶ 315 (finding that News Corp. will enhance competition to cable by accelerating the introduction of new services (including interactive television), expanding the delivery of local-into-local broadcast channels; and improving customer satisfaction).

²⁵ John M. Higgins *et. al.*, *Seven Things That Will Change Cable TV in 2004*, *Broad. & Cable*, May 3, 2004, at 10.

²⁶ Press Release, DIRECTV, Inc., *GM, Hughes and News Corp. Receive FCC, DOJ Clearances for Hughes Transactions* (Dec. 19, 2003), available at <http://ir.thomsonfn.com/InvestorRelations/PubNewsStory.aspx?partner=5276&storyId=109216>.

²⁷ See Daniel Greenberg, *High-Definition Smorgasbord? Not Yet*, *Wash. Post*, July 18, 2004, at F7; David Pogue, *For High-Definition Sets, Channels to Match*, *N.Y. Times*, June 3, 2004, at G1 (as corrected on June 5, 2004).

²⁸ See Rainbow DBS Co., *About VOOOM - Who We Are*, available at www.voom.com/util/about_us/index.jsp (last visited July 2, 2004).

one original HDTV networks, including Animania HD, Auction HD, HD World Cinema, HD News, Rave HD, and Ultra HD.²⁹ The company recently leased additional spectrum, which will provide enough capacity for an additional 94 high definition channels by the end of next year.³⁰ And Voom was one of the successful bidders for additional DBS spectrum earlier this month.³¹

DBS providers also appear to be planning to bolster their video service offerings by using terrestrial microwave transmissions operating on the same 12 GHz of spectrum.³² Companies backed by Cablevision and EchoStar have bid \$84.6 million and \$27.7 million, respectively, for Multichannel Video Distribution and Data Service (“MVDDS”) licenses. If not used to support existing DBS operations, the spectrum is likely to be used to create an entirely new MVPD competitor or to compete with the high-speed Internet services offered by cable and telephone companies. (Meanwhile, MDS America, a third auction winner, obtained 60 licenses in rural markets for \$3.9 million and plans to have MVDDS systems operating later this year.³³)

²⁹ See Rainbow DBS Co., *VOOM, Use It, Channel Lineup*, at http://www.voom.com/use_it/channel_lineup.jsp (last visited July 20, 2004).

³⁰ See *SES Snags Voom as 2nd Americom2Home ‘Anchor’*, Comm. Daily, June 10, 2004, at 9. VOOM will use 16 Ku-band transponders on SES Americom’s AMC 6 satellite at 72° W and MPEG-4 compression technology to meet its goal. See *id.*

³¹ See Mike Farrell, *Voom Zooms to Top of Spectrum Auction*, Multichannel News, July 14, 2005, available at <http://www.multichannel.com/article/CA436220?display=Search+Results&text=voom>. EchoStar was also a winning bidder for a license with approximately 29 6-MHz channels. See *id.* Each such channel can transmit two or three channels of HD programming or more than a dozen channels of standard-definition digital programming.

³² See Ted Hearn, *Cablevision Affiliate Tops Airwaves Auction*, Multichannel News, Feb. 2, 2004, available at <http://www.multichannel.com/article/CA378513?display=Search+Results&text=airwaves>.

³³ See *id.*

B. Broadcasters Are Using the Flexibility of Their Digital Signals To Create a New Type of Multichannel Video Competition.

The innate flexibility of the U.S. digital television standard (and the willingness of broadcasters to use their digital spectrum for purposes other than the HDTV that they promised) has given rise to another form of MVPD competition. U.S. Digital Television, Inc. (“USDTV”), a low-cost MVPD offering several of the most popular cable program networks (e.g., ESPN, Disney, Discovery, Lifetime, TLC), is now operational in three cities: Albuquerque, Salt Lake City, and Las Vegas. USDTV, backed by a group of ex-Wal-Mart executives, is leasing spectrum from broadcast television stations to provide 20 to 30 channels for \$19.95 per month.³⁴ USDTV plans to expand to a total of 30 markets by the end of this year and aims eventually to have a presence in all major markets.³⁵

Similarly, Jeff Smulyan, President and CEO of Emmis Communications Corp., is currently endorsing video programming distribution via a Digital Antenna System (“DAS”). DAS would deliver an encrypted package of local broadcast stations plus 20 to 30 cable networks to special receivers for approximately \$25 per month. The service is aimed at the households Smulyan regards as “overserved,” i.e., those he believes do not want access to

³⁴ See U.S. Digital Television, Inc., *About USDTV!*, at http://www.usdtv.com/why_usdtv.php (last visited July 12, 2004).

³⁵ See Ellen Sheng, *U.S. Digital Hopes Less Is More for Viewers of Its Pay-TV Service*, Wall St. J., May 19, 2004 (explaining that customers simply connect their regular TV antenna to a \$99 USDTV set-top box that is sold by Wal-Mart and other retailers).

hundreds of channels and other enhanced services.³⁶ Reportedly, Smulyan has 35 broadcast companies signed on to date, representing 370 broadcast stations.³⁷

Another innovative use of broadcast spectrum has become a reality in the past year. MovieBeam, a video distribution service backed by Disney, uses broadcast spectrum to deliver movies directly to a small indoor receiver in consumers' households. The receiver holds over 100 movies and is updated with 10 new movies each month that can be watched at any time.³⁸ Disney executives have said that initial subscriber numbers "have exceeded company and retailer expectations" and they are considering offering MovieBeam in three additional markets this Fall.³⁹

In the near future, proponents believe that improved digital broadcast reception capabilities will strengthen the ability of broadcasters to present innovative MVPD options directly to consumers (competing with, rather than relying on, cable and DBS companies). Latest-generation DTV receiver technology reportedly shows significant improvements that will mean better over-the-air reception of DTV signals. When a new digital receiver is introduced

³⁶ *Emmis' Smulyan Goes After the "Overserved"*, TV Technology, June 4, 2004, available at <http://www.tvtechnology.com/dailynews/one.php?ide=2040>.

³⁷ *See id.* As further evidence of the broadcast industry's potential entry into the MVPD market, the National Association of Broadcasters ("NAB") is examining Freeview, a British multichannel DTV service that offers up to 30 video channels and 15 audio channels. NAB is reserving judgment on whether such a system might work in the United States, but several broadcasters who have touted DTV multicasting favor a model that would provide them with subscription revenue, in competition with cable and satellite. *See* John Eggerton, *NAB Explores UK's Freeview DTV Success*, *Broad. & Cable*, Jan. 5, 2004, at 1.

³⁸ *See* MovieBeam Entertainment, *Frequently Asked Questions About MovieBeam*, at <http://www.moviebeam.com/misc/faqOnA.jsp?topic=About%20MovieBeam> (last visited July 2, 2004).

³⁹ *Disney Talks Up Expanded MovieBeam*, CNET.com, June 18, 2004, at http://news.com.com/Disney+talks+up+expanded+Moviebeam/2100-1025_3-5239363.html?tag=nefd.top; *see* Stewart Verney, *On-Demand Movie Service To Expand Beyond Jacksonville*, *Jacksonville Bus. J.*, June 4, 2004.

this summer, users apparently will be able to tune multiple digital channels on a simple indoor antenna without having to change the orientation of the antenna.⁴⁰

There is no way to know which, if any, of these new broadcast-spectrum services will ultimately succeed. However, the continued development of a broad array of new potential MVPD competitors underscores the dynamism of the market. If nothing else, the fact that many companies are experimenting with new ways to enter the marketplace suggests that it is working in a way such that regulatory restrictions on existing service providers are unjustified and likely counterproductive.

C. Other Competitors Are Distributing Video Programming in a Variety of Innovative Ways.

Video streaming and download services are continuing to add new content and attract new users, while technological developments are increasingly blurring the distinction between viewing video on a television set and viewing video on a computer. To illustrate, Starz Encore and Liberty Media have introduced an online service that allows consumers to download as many movies as they wish from a constantly changing library of 100 titles for a flat fee of \$12.95 per month.⁴¹ The Starz! linear premium channel will also be streamed live.⁴² These services will reportedly offer subscribers parental controls and full DVD functionality, including the ability to

⁴⁰ See Press Release, Sinclair Broad. Group, Inc., *SBG Pleased with DTV Receivers* (June 8, 2004).

⁴¹ See Nick Wingfield, *Starz Encore Joins Web Movie Fray: Alliance with RealNetworks Offers Unlimited Downloads for a Fixed Monthly Fee*, Wall St. J., June 14, 2004, at B4 (“Analysts believe the service reflects a more serious push by programmers to use the Internet as a way to bypass satellite and cable operators”).

⁴² See *Just the Ticket? Sie's Broadband Finale's a Doozy*, CableFax Daily, June 14, 2004.

fast-forward, rewind, and pause.⁴³ Internet service providers have also begun to provide competitive alternatives to traditional television viewing. America Online, for example, launched a promotion in January this year that offers its members full-feature film downloads through Movielink for 99 cents each.⁴⁴

It is not just movies, however, that are attracting viewers to online video content. At present, there are over 400 million registered users of RealPlayer. Real's websites -- which offer a variety of streaming video products, including news clips and music videos⁴⁵ -- are the 8th most-often visited sites in the United States.⁴⁶ Major League Baseball has also demonstrated success in making its video content available on the Internet.⁴⁷ In fact, online video services are using technology to make their programs viewable on television sets. For example, TiVo has introduced a new set of Internet-based services that allows users to download movies and music from the Internet to the hard drives of their video recorders,⁴⁸ and Akimbo is expected to launch

⁴³ See Matt Stump, *SVOD Over Broadband Finally Gets Real*, Multichannel News, June 14, 2004, at 4.

⁴⁴ See Jim Hu, *AOL to Offer Movie Downloads*, CNET News.com, Jan. 20, 2004 ("AOL is betting on digital media as a way to persuade people to pay an additional \$14.95 for its service on top of their existing bill.").

⁴⁵ Some of the video streaming options offered by Real Networks include news (e.g., CNN Quickcast, ABCNEWS Daily Dish), entertainment (e.g., reality television live feeds, music videos, live concerts, and movie clips), and sports programming. See RealNetworks, Inc., *Real Guide*, at <http://guide.real.com/> (last visited July 13, 2004). In addition to its streamed movie service, AOL also offers some streamed video (e.g., music videos) at no charge. Comcast Online also offers its customers a wide variety of streamed video and just announced an agreement to add streaming news from ABC and children's programming from Disney. See Frank Ahrens, *Comcast Starts Disney Delivery Via Internet*, Wash. Post, July 21, 2004, at E1.

⁴⁶ See Stump, *supra* note 43.

⁴⁷ See Press Release, MLB Advanced Media, L.P., *MLB.com Offers Fans the Ability To Watch MLB.TV on Pay-Per-Day Basis* (June 1, 2004) ("the interactive media and Internet company of Major League Baseball[] is once again offering the live and on-demand video webcasts of more than 280 games per month, on a pay-per-day basis exclusively on MLB.com").

⁴⁸ See John Markoff, *New Service by TiVo Will Build Bridges from Internet to the TV*, N.Y. Times, June 9, 2004, at C1 (announcing new set of Internet-based services that will "further blur the line between programming
(footnoted continued...)

its Internet video system this Summer offering consumers a DVR-like box that plugs into a TV set and downloads video programming through a high-speed Internet connection.⁴⁹

Competition for the eyes of viewers is rapidly growing in the offline world as well. For example, sales of prerecorded DVDs continue to grow (largely as a result of the unexpected growth of the market for ownership of entire prior seasons of broadcast and cable programming),⁵⁰ while DVD/VHS rentals remain another popular option for accessing video programming. As of the end of May 2004, 87.4% of U.S. TV households had a VCR and 47.4% had a DVD player.⁵¹ In 2003, revenue from video rentals for VCRs and DVDs was over \$8 billion and revenue from the sale of video tapes and DVDs was over \$13.5 billion.⁵² And in a hybrid of online processing and “hard copy” delivery, NetFlix, the world’s largest online movie

(...footnote continued)

delivered over traditional cable and satellite channels and content from the Internet”); *see also* Press Release, CinemaNow, Inc., *CinemaNow Partners with Akimbo To Bring Video-On-Demand Service Directly to Television* (Feb. 16, 2004) (“CinemaNow Inc., a leader in IP-based video-on-demand distribution and technology, today announced it has partnered with Akimbo to make its vast library of video-on-demand content available for viewing on televisions.”).

⁴⁹ See Nick Wingfield, *Start-Up Akimbo Systems Gets Funding for Internet-TV System*, Wall St. J., July 12, 2004, at B5. Akimbo plans on charging \$230 for the box and \$10 per month for access to content from its online service. *See id.*

⁵⁰ See Greg Hernandez, *TV Shows Old and New Send DVD Sales Soaring*, Seattle Post-Intelligencer, Sept. 1, 2003 (“Now new and old television shows are being released at such a blistering pace that the genre is becoming the fastest-growing segment of the booming home video industry.”).

⁵¹ See Kagan Research, LLC, *Kagan Media Index*, Kagan Media Money, June 22, 2004, at 8.

⁵² See Kagan Research, LLC, *VHS Sinks in '03, DVD Now King of Home Video*, Kagan Media Money, May 18, 2004, at 2; *see also* Brett Sporich, *DVD 2003 Wrap-Up*, The Hollywood Reporter.com, Jan. 6, 2004, available at http://www.hollywoodreporter.com/thr/television/feature_display.jsp?vnu_content_id=2062155 (noting that the effect of DVD sales on the overall video rental business “has been moot, effectively maintaining the status quo in what had been a rapidly declining rental business during the mid-1990s”).

rental service, has continued to grow, ending the second quarter with approximately 2,093,000 subscribers, an 82% increase over last year.⁵³

D. BSPs Offer Additional Competition in Various Markets.

Although the viability of their business model remains to be proven, Broadband Service Providers (“BSPs”) continue to provide additional competitive options in a number of markets. Grande Communications, an overbuilder that has secured over 48 franchises in eight Texas markets, is expanding its deep-fiber network to deliver bundled high-speed Internet access, local and long-distance telephone, and cable television services to Texas residents and small businesses.⁵⁴ Grande already serves over 110,000 residential and small business subscribers, which is almost double its customer count from one year ago.⁵⁵ Last October, Grande announced it had received a commitment for \$45 million in additional equity funding and declared it is in “a strong position to support continued expansion as Grande reaches new customers in new markets.”⁵⁶ Another overbuilder, Everest Connections, also announced that its financial condition has improved and that it will expand the reach of its cable, telephone, and

⁵³ Press Release, Netflix, Inc., *Netflix Announces Second Quarter 2004 Ending Subscribers of 2,093,000, Up 82 Percent Over the Prior Year* (July 1, 2004), available at <http://ir.netflix.com/NEWS/NFLX0701.pdf>

⁵⁴ See Grande Communications, *At a Glance, Company Overview*, at http://www.grandecom.com/pdf/Company_Overview.pdf (last visited July 12, 2004).

⁵⁵ See Press Release, Grande Communications Holdings Inc., *Grande Communications Holdings, Inc. Announces Results for the First Quarter Ending March 31, 2004* (May 13, 2004), available at http://www.grandecom.com/About/pressroom_release.jsp?PR_ID=PR262.

⁵⁶ Press Release, Grande Communications Holdings Inc., *Grande Communications Lands Commitment for \$45 Million Equity Round* (Oct. 13, 2003), available at http://www.grandecom.com/About/pressroom_release.jsp?PR_ID=PR251.

high-speed Internet services in the Kansas City area.⁵⁷ And municipal and electric utility overbuilders such as Braintree Electric Light Department, Astound Broadband, and Paul Bunyan Telephone Cooperative continue to offer consumers an expanding array of services including digital television, HDTV, and DVR service.⁵⁸

In addition, several BSPs have emerged, or will be emerging, from bankruptcy positioned to become stronger competitors. For example, Knology Broadband, Inc., which competes with Comcast in, among other areas, Savannah, GA, Panama City, FL, and Huntsville, AL, completed a debt restructuring transaction that eliminated approximately \$250,000,000 of principal debt obligation.⁵⁹ Free of this substantial debt burden, at the end of last year, Knology reported that its total revenue for 2003 was \$172.9 million, a 21.9% increase over total revenue for 2002.⁶⁰ In addition, last December, Knology announced that it was acquiring additional systems in Florida

⁵⁷ See Steve Everly, *Everest Restarts Area Expansion*, Kansas City Star, Nov. 19, 2003.

⁵⁸ See Press Release, Braintree Elec. Light Dept., *BELD Broadband Launches HD and DVR Services* (May 7, 2004) (offering nine HDTV channels including Discovery HD Theater, ESPN HD, HBO HD, and NESN HD), available at <http://www.beld.com/News/News.asp?NewsID=48&subsection=recent>; Press Release, Astound Broadband, *Astound Broadband Launches HDTV Service in St. Cloud Area* (Dec. 2, 2003), available at <http://www.seren.com/press/2003-12-02-MN.htm>; Paul Bunyan Tel. Coop., *Television, Services and Rates*, at <http://www.pb.tv/rates/> (last visited July 20, 2004).

⁵⁹ See Mike Farrell, *Knology Has Gone Public, Raising \$56M After Reorg*, Multichannel News, Jan. 19, 2004, available at <http://www.multichannel.com/article/CA375229?display=Finance>

⁶⁰ See Press Release, Knology Inc., *Knology Reports Fourth Quarter and Full-Year 2003 Results* (Mar. 15, 2004), available at <http://www.knology.com/news/4Q03%20Earnings%20Release%20Final.DOC>.

from Verizon Media Ventures.⁶¹ Knology saw first quarter 2004 revenue increase 18% from the prior quarter to \$53.8 million.⁶²

Similarly, RCN Corp., which competes directly with Comcast in Boston, Philadelphia, and (under the Starpower brand) in the Washington, D.C. metropolitan area, filed for Chapter 11 bankruptcy protection and expects to emerge from bankruptcy later this year having reduced its debt load from \$1.7 billion to about \$480 million.⁶³ Upon the announcement, RCN's Chairman and CEO remarked: "Today's filing is very positive news for RCN employees and customers. RCN can reduce its debt and emerge as a stronger, more efficient company, giving us a competitive advantage in the long run."⁶⁴

E. RBOCs Are Exploring New Ways To Compete in the Video Marketplace.

As noted above, RBOCs have entered into joint ventures with DBS companies to offer video programming to their telecommunications service customers. RBOCs are also moving toward more directly competing to serve video programming customers. For instance, Verizon has announced plans to deploy fiber-to-the-home architecture in certain select areas, and says it will offer customers in those areas a bundle of high-speed Internet, IP-based video, and

⁶¹ See Press Release, Knology Inc., *Knology Announces Acquisition of Former Verizon Media Ventures Properties in Pinellas County, Florida* (Dec. 31, 2003), available at http://www.knology.com/news/index_details.cfm?pkey=204.

⁶² See Press Release, Knology Inc., *Knology Reports First Quarter Results* (May 11, 2004), available at http://www.knology.com/news/1Q04_Earnings_Release_Final.pdf.

⁶³ Mike Farrell, *RCN Writes Up a Chapter 11*, *Multichannel News*, May 31, 2004, at 3; see also Peter Grant, *RCN May File For Chapter 11 as Early as Today*, *Wall. St. J.*, May 27, 2004, at B3.

⁶⁴ Press Release, RCN Corporation, *RCN Forges Consensual Agreement with Creditors, Signs New Bank Deal with Deutsche Bank* (May 27, 2004), available at <http://www.rcn.com/investor/pr.php?id=207>.

telephony services.⁶⁵ Similarly, SBC announced that it plans to spend up to \$6 billion laying new fiber lines that can carry video in select areas.⁶⁶ And BellSouth will also experiment with distributing video programming and expects to begin testing video services within a year.⁶⁷

(It must be noted that these are by no means the first RBOC announcements of plans to enter the video distribution business. Indeed, there have been a number of “major announcements” in this area for a decade and more,⁶⁸ but to date the RBOCs have not yet become significant players in the direct delivery of video services and, thus, a measure of skepticism is understandable. Still, the size and power of the RBOCs is such that these announcements compel existing market participants to strive even harder to meet their customers’ needs and desires.)

In addition, technology companies are exploring means to help facilitate RBOC and other telephone company distribution of video programming. For example, Microsoft recently announced an alliance with Lucent Technologies to embed Microsoft’s Internet Protocol Television (“IPTV”) platform -- an IP-based television system offering connection of televisions

⁶⁵ See Almar Latour, *Verizon Plans To Test a Superfast Fiber Network*, Wall St. J., May 19, 2004, at D4 (reporting that the buildout would enable Verizon “to offer hundreds of television channels over fiber, putting it head to toe with cable companies”); see also Linda Haugsted, *Verizon: Big-Fiber Triple Play’s on the Way*, Multichannel News (May 31, 2004) (stating that, by the end of this year, Verizon “intends to link 1 million homes in nine states to its fiber-to-the-home plant”).

⁶⁶ See Roger O. Crockett, *SBC: Tying Up Rivals with More Cable?*, BusinessWeek Online, June 23, 2004 (explaining that the fiber deployment will “make offerings such as video more easily available”), at http://www.businessweek.com/technology/content/jun2004/tc20040623_4278_tc024.htm.

⁶⁷ See *BellSouth To Test Video Service Within Year*, Reuters, June 21, 2004, available at <http://www.reuters.com/newsArticle.jhtml?type=technologyNews&storyID=5474667>.

⁶⁸ See, e.g., David Kline, *Align and Conquer*, Wired, Mar. 2, 1996 (“The smartest telco CEO, Bell Atlantic’s Ray Smith, reveals . . . why the telcos are going to kick cable’s butts: . . . ‘It’ll be 10-to-1 in our favor. I would say that by 2000, we’ll have 50 percent of the cable TV business -- no doubt about it, which is why some cable companies are in a panic.’”), available at LEXIS, News Library.

and personal computers, instant channel changing, and multiple pictures-in-picture -- into Lucent's DSL product line.⁶⁹ Although the IPTV platform is still being developed, Microsoft reports that SBC will become one of its early customers and that "there are a number of telcos that have signed on but have not gone public" to develop the product.⁷⁰

* * *

In sum, consumers have numerous choices among the sources from which they obtain their video programming (and multiple packaging and pricing options from within those sources), and they are exercising their right to choose. DBS companies and cable operators continue to compete aggressively for customers amongst themselves and an ever-growing number of other video distributors.⁷¹ Given all the entry activity, plus the strong and irreversible presence of DBS, it is essential that policymakers recognize that consumers throughout the United States enjoy, and will continue to enjoy, multiple options for obtaining video programming.

⁶⁹ See Press Release, Microsoft TV, *Microsoft and Lucent Technologies Join Forces in Expansion of Internet Protocol Television Ecosystem* (June 22, 2004), available at <http://www.microsoft.com/tv/content/Press/supercommpr1.msp>.

⁷⁰ Vince Vittore, *Microsoft Opens Up TV Vault to Telcos*, Telephony.online, June 24, 2004, at http://telephonyonline.com/ar/telecom_microsoft_opens_tv/index.htm.

⁷¹ We note that, while the Commission did a commendable job analyzing the status of video competition in its *2003 Video Competition Report*, it once again neutrally reported all the wild and irresponsible charges that overbuilders and DBS operators file every year. In the past, Comcast has taken pains to refute certain charges, yet the final reports routinely reiterate the allegation that has been disproven. We urge the Commission to acknowledge in its report where facts and evidence in the record do not support such charges.

III. COMCAST CONTINUES TO INVEST AND INNOVATE TO KEEP PACE WITH THE CHALLENGES OF AN INCREASINGLY COMPETITIVE MARKET.

In such a dynamic and competitive marketplace, no provider of video programming can afford to be complacent. Competition for customers is more intense than ever, and to survive that competition cable operators must constantly meet and exceed the expectations of their customers. Comcast's 68,000 employees (especially the 59,000 that work at Comcast Cable) know this. These are the people who are improving the number, variety, and quality of the services we make available to customers. These are the people who have ensured that the network upgrades Comcast promised have been completed even faster than promised; that new programming services, including numerous HDTV services, have been added to channel line-ups; that VOD and DVR capabilities are available to a growing number of consumers; that our high-speed Internet services increase their technical superiority over those available from telephone companies; and that our customer service and community involvement remain strong, and grow stronger still.

A. Comcast Has Continued To Upgrade Its Cable Systems To Meet Consumers' Demands and Attract New Customers.

When seeking to acquire AT&T Broadband, Comcast assured the Commission that it would deliver tangible public interest benefits, most notably by "accelerat[ing] the deployment of facilities-based high-speed Internet service, digital video, and other broadband services, particularly to residential customers."⁷² After careful review, the Commission determined that "the proposed transaction is likely to have a positive impact on deployment of broadband

⁷² *In re Applications for Consent to the Transfer of Control of Licenses from Comcast Corporation and AT&T Corp., Transferors, to AT&T Comcast Corporation, Transferee, Applications and Public Interest Statement*, MB Dkt. No. 02-70, at 29-35 (Feb. 28, 2002).

services.”⁷³ Since the merger’s approval, Comcast’s promise, as well as consumers’ and the FCC’s expectations, have been fulfilled.⁷⁴

Since the acquisition of AT&T Broadband, Comcast has made enormous investments in system upgrades and rebuilds, service quality, customer service, new technologies, and innovative advanced services. In 2003 alone, we spent approximately \$4.1 billion on capital improvements, primarily in the territories previously served by AT&T Broadband, with approximately \$1.4 billion dedicated to upgrading cable systems and approximately \$1.6 billion dedicated to upgrading customer premises equipment.⁷⁵ We constructed a record 53,000 miles of fiber last year, exceeding our already aggressive plans by over 15%,⁷⁶ and we rebuilt another 8,700 miles with fiber in the first quarter of 2004. We have met or exceeded every upgrade

⁷³ *In re Applications for Consent to the Transfer of Control of Licenses from Comcast Corporation and AT&T Corp., Transferors, to AT&T Comcast Corporation, Transferee*, Memorandum Opinion and Order, 17 FCC Rcd. 23,246 ¶ 182 (2002).

⁷⁴ These upgrades have led to increased programming opportunities highlighted elsewhere within these comments. For instance, when Comcast took over AT&T Broadband’s Miami system two years ago, it “faced a technical hurdle as well as the cultural one. The system had not been rebuilt and upgraded, so it was underpenetrated. The prior management was not focused on servicing the Hispanic marketplace, so Spanish-speaking households had one tier offering that was expensive.” Linda Haugsted, *Hot Mama Miami*, Multichannel News, June 21, 2004, Hispanic Market Supplement at 26. After the system was upgraded, Comcast launched a highly successful Hispanic tier, customized for the Miami community.

⁷⁵ See Press Release, Comcast Corp., *Comcast Full Year and Fourth Quarter Results Meet or Exceed All Operating and Financial Targets Setting Stage for Continued Growth In 2004*, at 10 (Feb. 11, 2004), available at http://media.corporate-r.net/media_files/irol/11/118591/Earnings_4Q/4q03a.pdf (“Comcast YE03 Earnings Release”). Comcast’s commitment to investment predated the acquisition of AT&T Broadband. Since passage of the Telecommunications Act, over \$39 billion has been invested in Comcast’s cable systems (including those acquired from AT&T Broadband).

⁷⁶ *Comcast YE03 Earnings Release* at 3.

target that we established, and we ended the first quarter of 2004 with 96% of our cable plant upgraded.⁷⁷

The result of all of this investment is that we can offer more services to more customers, increase their viewing options, and improve their customer experience. What had been a severe loss of customers in the AT&T Broadband systems has now been replaced with a gain, indicating Comcast's ability -- in the face of robust and growing competition -- to deliver the consumer experience that customers want and expect.⁷⁸

B. Comcast Has Made Substantial Investments To Bring More Programming Services and Options, Including HDTV Services, to the Areas It Serves.

Over the past year, Comcast has expanded the range of programming services that it offers. In some cases, we have helped launch new services, and in other cases we have assisted others in producing their own content. Most importantly, we have focused our efforts on providing and promoting programming for niche markets such as minority, foreign-languages, sports fans, gamers and technology enthusiasts, or HDTV viewers. For example:

TV One: TV One, a new network targeting long-underserved African American adult viewers, launched on January 19, 2004.⁷⁹ The network is jointly owned by Radio One,

⁷⁷ See Press Release, Comcast Corp., *Comcast Reports First Quarter 2004 Results 2* (Apr. 28, 2004), available at <http://www.cmcsa.com/phoenix.zhtml?c=118591&p=irol-newsArticle&t=Regular&id=520136> ("Comcast 1Q04 Earnings Release"). Comcast's investment has resulted in 93% of AT&T Broadband's systems being upgraded at the end of 2003, compared to only 73% at the end of 2002 (shortly after Comcast acquired the systems).

⁷⁸ Paragraph 6 of the *Notice* requests information regarding homes passed, basic subs, digital subs, and high-speed Internet subs as of 6/30/04. Comcast will be releasing substantial data as of that date in a periodic earnings report next week (July 28) and will defer responding to this request until our reply comments. The same is true for information regarding revenues, cash flow, and expenditures.

⁷⁹ Press reports indicate that, despite representing "nearly 20% of all industry revenues" and accounting for "11% of total cable subscribers," until TV One's launch, programming specifically produced for African American audiences was available primarily from only two niche cable networks, Viacom's Black Entertainment Television

(footnoted continued...)

Inc. (the nation's largest radio broadcaster primarily targeting African American and urban listeners), Bear Stearns's Constellation Ventures, Syndicated Communications, Pacesetter Capital Group, Opportunity Capital Partners, and Comcast. TV One "offers a broad range of lifestyle and entertainment-oriented programming," including scripted and unscripted dramas, game/reality shows, lifestyle and public affairs programming, and movies and documentaries, that "respects African-American's values and reflects their intellectual and cultural diversity."⁸⁰ TV One recently announced that it will offer a video-on-demand component later this year.⁸¹ TV One is currently available to more than 4.5 million subscribers.⁸²

iNHD: iN DEMAND, with the help of Comcast, launched its new basic-cable HDTV services,⁸³ iNHD and iNHD2, on September 15, 2003.⁸⁴ Initially, the networks offered 12 hours of programming daily, including movies, Hallmark Entertainment TV programming, and animation.⁸⁵ Already, iNHD has distributed a number of prestigious live events in high-definition, many for the first time. iNHD's offerings included: Major League Baseball games; college sports including football, basketball, and hockey; coverage from the red carpet at the Academy Awards; the Westminster Kennel Club Dog Show; and HD coverage of the famous seventh hole at the 2004 AT&T Pebble Beach National Pro-Am golf tournament.⁸⁶ Just this week, iNHD announced that it will offer

(...footnote continued)

and Major Broadcasting Corp. R. Thomas Umstead, *Will Good Times Roll for TV One?*, Multichannel News, Jan. 19, 2004, at 3.

⁸⁰ TV One, *About Us*, at <http://www.tv-one.tv/aboutus/aboutus.html> (last visited July 12, 2004).

⁸¹ See R. Thomas Umstead, *Samuels: VOD's Part of TV One's Menu*, Multichannel News, July 12, 2004, available at <http://www.multichannel.com/index.asp?layout=articlePrint&articleID=CA435140>.

⁸² *Id.*

⁸³ iNHD1 and iNHD2 are separate 24/7 programming services and can properly be counted as such for purposes of the Commission's report. In contrast, iN DEMAND's PPV programming, which it provides via a multiplexed feed that includes 39 signals (three or four of which may be transmitting the same movie, but with each feed being delayed 30 minutes from another), cannot properly be regarded as 39 separate programming services. Accordingly, the Commission's report should stop counting iN DEMAND's PPV offerings as 39 separate networks.

⁸⁴ See *Comcast To Carry INHD on Basic*, Multichannel News, Sept. 15, 2003, available at <http://www.multichannelnews.com/article/CA323574>. iNHD is jointly owned by Comcast, Cox Communications Inc., and Time Warner Cable/BrightHouse Networks.

⁸⁵ See Karen Brown, *iN DEMAND Trucks In Live HD Events*, Multichannel News, Aug. 11, 2003, at 44, available at <http://www.multichannel.com/article/CA316095>.

⁸⁶ See iNHD, *FAQ's*, at <http://www.inhd.com/about/faq.html> (last visited July 22, 2004), Matt Stump, *iN DEMAND Announces MLB HD Lineup*, Multichannel News, Apr. 1, 2004, available at <http://www.multichannel.com/article/CA407392>, and R. Thomas Umstead, *HD Hits the Red Carpet*, Multichannel News, Feb. 2, 2004, available at <http://www.multichannel.com/article/CA378604>; Press Release, iN DEMAND,

(footnoted continued...)

100 hours of new programming per month, including content from five new original series.⁸⁷ iNHD currently is available to 1 million subscribers.⁸⁸

G4techTV: G4techTV is a 24-hour, seven-day-a-week television network that is the source of entertainment, news, and information about the interactive entertainment industry.⁸⁹ The network was created when G4, owned by Comcast, merged with TechTV, owned by Vulcan Programming, Inc., in May 2004.⁹⁰ The merged channel debuted on May 28, 2004.⁹¹ G4techTV's schedule consists almost exclusively of original video game and technology-themed programming.⁹² G4techTV currently reaches 44 million subscribers.⁹³

Hispanic Tier (Cable Latino): In September 2003, Comcast retooled, renamed, and lowered the price of its digital cable package targeting Hispanic viewers in the United States. Comcast's Hispanic tier now includes ten digital TV networks (Discovery en Español, CNN en Español, Fox Sports Español, Toon Disney Español, MTV Español, VH Uno, TVE Internacional, Cinelatino, Utilísima, and HTV Música) and eight audio channels that are targeted to Hispanic audiences.⁹⁴

(...footnote continued)

InHD Will Air "Live@7" Both Live and Taped Coverage of Famed Par 3 7th Hole at Pebble Beach Golf Links on February 5th and 6th (Feb. 3, 2004), available at http://www.inhd.com/pressReleases/press02_03_04PGA.jsp.

⁸⁷ See *INHD To Launch Original Series*, Multichannel News, July 19, 2004, at 4, available at <http://www.multichannel.com/article/CA437122?display=Breaking+News>.

⁸⁸ See R. Thomas Umstead, *Jacobson's Eye on iN DEMAND's HD, VOD Visions*, Multichannel News, June 14, 2004, at 18, available at <http://www.multichannel.com/article/CA425988>. This number of subscribers is more impressive than it might at first blush appear, given that the vast majority of households do not yet have HDTV display devices, and iNHD's subscribers all are HD households.

⁸⁹ See G4techTV, *FAQ's*, at <http://www.g4techtv.com/html/about.asp?area=about&subarea=FAQ> (last visited July 13, 2004).

⁹⁰ See Press Release, Comcast Corp., *Comcast Completes Acquisition of TechTV* (May 10, 2004), available at <http://www.cmcsk.com/phoenix.zhtml?c=147565&p=irol-newsArticle&t=Regular&id=525123&>.

⁹¹ *Id.*

⁹² See Allison Romano, *G4TechTV Is Born*, *Broad. & Cable*, May 10, 2004, available at <http://www.broadcastingcable.com/article/CA416488>.

⁹³ *Id.* Prior to the merger, the G4 Network was only available to 15 million subscribers. See Press Release, Comcast Corp., *Comcast Agrees To Purchase TechTV* (Mar. 25, 2004), available at <http://www.cmcsk.com/phoenix.zhtml?c=147565&p=irol-newsArticle&t=Regular&id=508278&>.

⁹⁴ See Press Release, Comcast Corp., *Comcast Media Center Launches Enhanced Spanish Language Tier on HITS Platform* (Sept. 2, 2003), available at http://www.comcastmediacenter.com/files/newsreleases/Sept2_2003.pdf. Comcast recently announced that it plans to begin offering Hispanic VOD content in the near future.

Sports Offerings: Comcast offers a number of optional sports packages to its digital cable subscribers, including NASCAR IN CAR, MLB Extra Innings, Major League Soccer Direct Kick, ESPN GamePlan (collegiate sports), NHL Center Ice, and NBA League Pass.⁹⁵ In addition, Comcast offers subscribers a number of regional sports networks that place a special focus on local teams. In December 2003, Comcast announced that it would be expanding its sports coverage by launching a new regional network in Chicago.⁹⁶ Comcast SportsNet Chicago will be a new 24-hour regional sports network jointly owned by Comcast and the Chicago Blackhawks, Bulls, Cubs, and White Sox that will carry a total of 248 regular season games.⁹⁷ A launch to 1.5 million Comcast customers is planned for October 1, 2004.⁹⁸ In addition to SportsNet Chicago, Comcast serves customers in the Philadelphia region with Comcast SportsNet, a service reaching 2.9 million subscribers, and in the Baltimore/Washington, D.C. region with Comcast SportsNet Mid-Atlantic, serving approximately 4.5 million customers. Comcast has also partnered with Charter Communications to offer regional sports programming to 11 million subscribers in southeastern states on Comcast/Charter Sports Southeast.⁹⁹

Foreign-Language: Comcast offers a number of international specialty channels to enhance diversity and to provide subscribers with programming reflective of their cultural heritage. In addition to Cable Latino described above, current offerings include: TV5, an international French language channel airing news, movies, documentaries, entertainment, and cultural programs from France, Switzerland, Belgium, Quebec, Canada, and Africa; RAI, an Italian network broadcasting festivals, concerts, films, cooking programs, game shows, documentaries, and newscasts; CTI Zhong Tian, a 24-hour Mandarin-Chinese channel offering news, international affairs, drama series, movies, and a host of other programming from Taiwan, Hong Kong, and China; Zee TV, an Indian satellite channel aimed at serving the informational and entertainment needs of South Asians living abroad; and RTN, a 24-hour Russian language network offering high quality Russian American programming and live news broadcasts from Russia.¹⁰⁰ Comcast has also entered into a multi-year contract with Washington, D.C.-based

⁹⁵ See Comcast Corp., *Optional Sports Packages*, <http://www.comcast.com/sportspacks> (last visited July 13, 2004).

⁹⁶ See Press Release, Comcast Corp., *Comcast Forms Cable Network with Chicago Blackhawks, Bulls, Cubs and White Sox* (Dec. 2, 2003) (“CSN Chicago Press Release”), available at <http://www.cmsgsk.com/phoenix.zhtml?c=147565&p=irol-newsArticle&t=Regular&id=474387&>.

⁹⁷ See *id.*

⁹⁸ See *id.*

⁹⁹ See Comcast/Charter Sports Southeast, *About CSS*, at <http://www.css-sports.com/aboutus.htm> (last visited July 13, 2004).

¹⁰⁰ See Comcast New England, *International Channels*, at http://www.comcast-ne.com/international_channels.html (last visited July 13, 2004).

WKTV-Korean American Television to bring Korean programs to subscribers throughout Maryland.¹⁰¹

In addition to these new program offerings, Comcast has expended considerable resources to bring more HDTV programming to consumers. When Chairman Powell called on the cable industry to commit to deliver up to five HDTV channels in all top 100 markets, Comcast was pleased to be a part of the industry's affirmative response.¹⁰² We have more than delivered on our commitment. Comcast has now launched HDTV in 54 markets -- including all of the top 100 DMAs that we serve as well as smaller markets like Eugene, OR, Salisbury, MD, and Panama City, FL. HDTV is now available to over 19 million or 91% of Comcast's basic cable customers.¹⁰³

In most of its markets, Comcast offers as many as 14 program services in HDTV including the major broadcast networks, PBS, ESPN, iNHD1, iNHD2, HBO, Showtime, Starz!, and Cinemax.¹⁰⁴ In addition to these program offerings, Comcast is also making strides to increase the quantity of HD programming available on its systems. For instance, in June 2004, Comcast announced a multi-year agreement with Discovery Communications to begin offering Discovery HD Theater in selected markets where Comcast offers HDTV service.¹⁰⁵ Comcast

¹⁰¹ See WKTV-Korean American Television, *About WKTV: Our Cable Partners*, at http://www.wktvusa.com/about_cable.html (last visited July 13, 2004).

¹⁰² See Letter from Robert Sachs, President, NCTA, to Michael Powell, Chairman, FCC (May 1, 2002).

¹⁰³ See *Comcast IQ04 Earnings Release* at 2.

¹⁰⁴ See Presentation, Comcast, Merrill Lynch Telecommunications, Media & Technology Conference slide 11 (June 10, 2004) ("*Merrill Lynch Presentation*"), available at <http://www.cmcsk.com/phoenix.zhtml?c=118591&p=irol-audioarchives>.

¹⁰⁵ See Press Release, Comcast, *Comcast Enhances ON DEMAND and HDTV Lineups with Discovery's Real World Programming* (June 21, 2004) ("*Comcast-Discovery Press Release*"), available at <http://www.cmcsk.com/phoenix.zhtml?c=118591&p=irol-newsArticle&t=Regular&id=583222&>.

also offers HD versions of Comcast SportsNet in several markets. Beginning in October 2004, Comcast also will offer games on its new regional sports network, Comcast SportsNet Chicago, in HDTV to subscribers in the Chicago metropolitan region.¹⁰⁶ Comcast has facilitated the launch of several of these DTV networks and is encouraging and assisting independent programmers such as New England Sports Network (“NESN”) to produce HDTV content.¹⁰⁷

The growing availability of quality HD programming on Comcast’s systems is also helping to accelerate the digital transition. HDTV programming is enticing consumers to purchase new HDTV TV sets. In the first quarter of 2004, manufacturer-to-dealer sales of digital TVs totaled almost 1.3 million, representing a 50% increase from the first quarter of 2003.¹⁰⁸ CEA projects that 5.7 million DTVs will be sold this year, 9.4 million next year, 15.6 million in 2006, and 23 million in 2007.¹⁰⁹ HDTV sets are currently selling at the blistering pace of 500,000 sets per month.¹¹⁰

C. Comcast’s Ambitious Plan To Roll Out VOD to Every Market Is Well Underway.

Comcast, like any successful firm in a highly competitive market, stays that way by being responsive to the desires of its customers. Comcast’s VOD service provides customers both an

¹⁰⁶ See *CSN Chicago Press Release*, *supra* note 96.

¹⁰⁷ In mid-2003, Comcast stepped forward with substantial financial support, equipment, and promotional assistance to help NESN create and launch its HDTV coverage. On September 15, 2003, NESN successfully launched its NESN-HD service to Boston-area cable customers.

¹⁰⁸ See Press Release, Consumer Electronics Ass’n, *After Record-Breaking First Quarter, April Sales Continue the DTV Climb* (June 16, 2004), available at http://www.ce.org/press_room/press_release_detail.asp?id=10488.

¹⁰⁹ See *id.*

¹¹⁰ See Jerry Del Colliano, *What Is HD Radio?*, www.audiorevolution.com, Dec. 29, 2003 (quoting CEA September 2003 sales stats), available at <http://www.audiorevolution.com/news/1203/29.hdradio.html>.

exciting and unique way to customize when and how they watch video programming as well as an incredible selection of what programming to watch. Comcast customers have identified VOD as one of the “two most compelling interactive products” in which they were interested.¹¹¹ Accordingly, Comcast has made expanding the availability of VOD a high priority. Comcast’s VOD offering, ON DEMAND, is now available to subscribers in 29 markets, and Comcast expects to have the service available to over 17 million customers by year-end.¹¹²

ON DEMAND provides consumers the utmost in flexibility by allowing them to watch over 1,800 program choices (or more than 2,000 hours of programming) *when* it is most convenient for them.¹¹³ Customers are able, on impulse, to choose from a vast array of featured movies, as well as time-shifted and unique programming options that include large quantities of programming -- especially family-oriented content that is available for free -- that is not currently available on 24/7 linear programming services.¹¹⁴ Comcast has announced its intent to increase the amount of VOD programming available on the ON DEMAND service to 20,000 hours,¹¹⁵ and has already begun the climb to meet that goal by adding new programming from content

¹¹¹ Matt Stump, *ITV Providers: Murdoch Aids Us With Ops*, Multichannel News, Dec. 1, 2003, at 1 (quoting Comcast Cable Executive Vice President of Sales, Marketing and Customer Service David Watson), available at <http://www.multichannel.com/article/CA338626>.

¹¹² See *Comcast IQ04 Earnings Release* at 2. ON DEMAND was available to 50% of subscribers in the first quarter of 2004. Comcast predicts that by the end of this year, over 80% of its subscribers will have the option of subscribing to the ON DEMAND service. See *Merrill Lynch Presentation* slide 7.

¹¹³ See *Merrill Lynch Presentation* slides 8, 10.

¹¹⁴ See *id.* slide 8.

¹¹⁵ See *Merrill Lynch, Comcast Corp.: VOD Content: From 1,500 to 20,000 Hours*, Apr. 5, 2004, available at <http://www.cwes01.com/9093/24013/ds/90680747.pdf>.

providers such as Discovery Networks, CBS, BET, and MTV.¹¹⁶ In addition, Comcast is creating its own unique VOD programming. For example, Comcast has invited the two major-party presidential candidates to sit for interviews that will be available free on VOD.¹¹⁷ ON DEMAND has also provided independent video programming networks an opportunity to introduce themselves to a potential audience. For example, Anime Network, a VOD service offering Japanese animation programming, “has made quite a name for itself as a niche service on operators’ on-demand platforms, including Comcast, Time Warner and Cablevision.”¹¹⁸ Much of this programming is available to digital subscribers at no extra charge.¹¹⁹

Comcast’s VOD service has been extraordinarily successful and popular with customers. In Philadelphia, for example, 74% of Comcast subscribers used VOD at least once in the first three months of this year, and 60% used VOD in each of those months.¹²⁰ In March, Comcast received 7.9 million VOD orders in the Philadelphia market, or 22 orders per subscriber per

¹¹⁶ See *Comcast-Discovery Press Release, supra* note 105; Press Release, Comcast, *Comcast Enhances ON DEMAND Lineup with Programming from MTV Networks, BET and CBS* (Apr. 8, 2004), available at <http://www.cmsk.com/phoenix.zhtml?c=147565&p=irol-newsArticle&t=Regular&id=513074&>.

¹¹⁷ See Ken Belson, *Openers: Suits; When Sound Bites Are Not Enough*, N.Y. Times, July 4, 2004, available at <http://query.nytimes.com/search/article-printpage.html?res=9B0DE6DF1F38F937A35754C0A9629C8B63>. If they accept, candidates will be given about five minutes to respond to each question, and the recorded responses would be archived and made available to Comcast’s VOD customers to view at any time (as well as rewind, fast forward, and pause). See Peter Loftus, *Comcast Offers Free Air Time to Presidential Hopefuls*, Morningstar.com, June 30, 2004, available at <http://news.morningstar.com/news/DJ/M06/D30/200406301340DOWJONESDJONLINE000635.html>.

¹¹⁸ Daisy Whitney, *Niche Nets Arise as VOD Advances*, Television Week, Feb. 22, 2004, at 12 (“Anime is one of the top-performing networks on Comcast, with double the views per user of Comcast’s next most-watched on-demand network.”).

¹¹⁹ See John M. Higgins, *Comcast’s Chief Cost Cutter*, Broad. & Cable, June 9, 2003, at 37 (offering “over 1,000 hours of free programming”), available at <http://www.broadcastingcable.com/article/CA303502>.

¹²⁰ See *Merrill Lynch Presentation* slide 9.

month.¹²¹ In 2003, more than 50% of Comcast's digital customers in Philadelphia accessed on-demand fare on average 15 times per month.¹²²

The success of VOD has encouraged Comcast to keep improving its VOD offering. For example, to assist its customers in accessing VOD content, Comcast has entered into a joint venture, dubbed the Interactive Programming Guide Development Group, with interactive program guide distributor Gemstar-TV Guide International, Inc. to package VOD content from multiple programmers into menu categories, such as children's or romance or sports.¹²³ Through this joint venture, Comcast is attempting to aggregate content on a single screen to promote customer ease of use while protecting the branding of individual networks.¹²⁴ By pulling up a category menu such as children's, a VOD user would be able to see a list of programming under the children's category listed by network as opposed to having to review each individual network's VOD menu to find children's programming.

D. Comcast's DVR Service Is Allowing Customers Even More Ways To Control What, When, and How They Watch Video Programming.

The defining characteristic of VOD is that it gives customers much greater control of what they watch, when they watch, and how they watch. Such flexibility and control are also afforded by DVR service, which allows consumers to watch programming that was recorded in

¹²¹ *See id.*

¹²² *See Comcast YE03 Earnings Release* at 3.

¹²³ *See* Steve Donohue & Matt Stump, *Ops Say: Stress VOD, Not PVRs*, Multichannel News, Mar. 15, 2004, at 1, available at <http://www.multichannel.com/article/CA403652>.

¹²⁴ *See id.*

real time from a 24/7 programming service (and which may not be programming that is currently available on VOD).

As with VOD, Comcast has experienced dramatic levels of customer interest in DVR service, and made it a priority to deliver. For most customers, more flexibility and control leads to expectations for even greater empowerment; more than four out of five of our customers with DVR service also use VOD service.¹²⁵

At the end of the first quarter of this year, DVR service was available to only 17% of Comcast customers;¹²⁶ as of early June, DVR service availability had climbed to 50%;¹²⁷ and, by year-end, Comcast expects DVR service to be available to 100% of its customers.¹²⁸ Comcast's DVR service currently enables customers to record between 30 and 50 hours of standard NTSC programming,¹²⁹ and up to seven hours more bandwidth-intensive HD programming.¹³⁰ Most of the DVRs we offer now have dual tuners to allow a DVR service subscriber to record at least two programs at once while watching another live program. Other newly available features on certain DVRs include a VCR archive function to copy a program recorded on the DVR to a VCR Tape, a "gas guage" to help view the recording space that has been used, and a screen saver that

¹²⁵ See *Merrill Lynch Presentation* slide 12.

¹²⁶ See *id.* slide 7.

¹²⁷ See Mike Farrell, *Charting the Next Frontier*, Multichannel News, Dec. 15, 2003, at 1, available at <http://www.multichannel.com/index.asp?layout=articlePrint&articleID=CA341734>.

¹²⁸ See *Merrill Lynch Presentation* slide 7.

¹²⁹ See *id.* slide 12.

¹³⁰ See John Eggerton, *Comcast Launches H-DVR*, *Broadcasting & Cable*, Mar. 19, 2004, available at <http://www.broadcastingcable.com/article/CA404665>.

loops recorded material after five minutes to prevent possible “burn-in” of stationary images onto certain HD screens.

DVR service is extremely popular with customers. In the Alexandria, VA system, Comcast “achieved 10% DVR penetration in just five months, averaging 1.2 DVR boxes per household.”¹³¹ In Comcast’s Naples, FL system, “DVR penetration was 4% in the first month of deployment.”¹³² Customer satisfaction is the norm for Comcast’s DVR service. Comcast’s Vice President for Marketing Page Thompson reports that customer satisfaction is “probably as high as we’ve seen for any product we’ve ever tested.”¹³³

E. Customer Service Gets Better and Better.

Given the intense competition that currently pervades the video marketplace, providing more channels, more HDTV, more VOD programming, and more services is obviously essential. But it is not sufficient. Good customer service is also an important part of the package. It becomes a greater challenge as the services we offer increase in number and complexity.

Comcast has made a very substantial effort to improve customer service in every part of the company.¹³⁴ To make sure that this progress continues, in 2004 we initiated our “Customer

¹³¹ Farrell, *supra* note 127. In addition, 46% of DVR households in Alexandria use Comcast’s ON DEMAND VOD service as well. *See id.*

¹³² *Id.*

¹³³ Alan Breznick, *MSOs Scurry To Introduce Digital Cable-DVR Service*, Communications Daily, Dec. 1, 2003, at 3.

¹³⁴ *See, e.g.*, Rick Bentley, *Comcast Looks To Improve Cable Service*, Fresno Bee, Apr. 17, 2003 (Fresno, CA); *Comcast Cable Strives for Improvement*, First Coast News, Jan. 3, 2002 (Jacksonville, FL), available at http://www.firstcoastnews.com/news/2003-01-03/local_comcast.asp; Mike Comerford, *Comcast Gets Connected*, Chi. Daily Herald, May 13, 2003 (Chicago, IL); Peter J. Howe, *Cable’s New Kid in Town*, Boston Globe, July 21, 2003 (Boston, MA); Patti Bond, *Comcast Squares Off with Satellite*, Atlanta Journal-Const., Feb. 22, 2004, at E1.

First” program. The “Customer First” program includes new customer conveniences, such as expanded early-morning and evening hours for customer service visits to better fit a customer’s personal schedule, as well as steps to raise service standards, ensure satisfaction, and improve our ability to retain customers.

One of the most significant efforts we have undertaken is to address customer service calls. At a time when there is much public debate about the “outsourcing” of jobs, Comcast has moved in the opposite direction -- establishing new call centers and bringing many customer service jobs “in-house.” Many competitors hire third-party vendors to handle customer service calls (AT&T Broadband did so for cable service, and Comcast has done so for high-speed cable Internet). Comcast, however, has concluded that this approach generally does not provide the optimal solution for cable operators or their customers. In Comcast’s experience, third-party call center employees generally do not fully understand an operator’s service offerings and tend to provide an inferior level of service, create higher levels of consumer confusion and dissatisfaction, and be more expensive than in-house customer account executives (“CAEs”).

For these reasons, Comcast has steadily decreased its use of third-party call centers. CAE training is tailored to Comcast’s services in order to provide customers the answers they need about their particular system and services. During 2003, Comcast invested \$90 million to open eight call centers and expand another seven, bringing the vast majority of video service (and certain high-speed Internet) customer calls in house. To staff these centers, Comcast hired over 3000 employees. With the additional call centers, Comcast has a total of 95 call centers taking in-bound calls.

In addition to moving customer service in-house, among other customer service efforts, Comcast has: (1) invested significant time and resources on preventive maintenance such as

checking each amplifier, node, etc. in the network to continue deployment of advanced services and prepare for Voice over Internet Protocol; (2) provided customers with a variety of account management conveniences, such as online account access and bill paying; and (3) implemented consumer outreach programs (including visits to elementary and middle school classrooms and assemblies) to educate our customers about parental controls, VOD, and other services, such as “safe surfing” of the Internet.

Parental controls have been the focus of extra attention this year. Prompted by increased public concern about media decency in recent months, Comcast has taken a leadership role in educating customers about the availability and use of parental control technology, especially the powerful tools available to digital cable customers. Specifically, we have improved our website information, established a dedicated toll-free number, created new tutorials available via VOD and streaming video, and added a parental controls icon to our VOD menu (in addition to the one that already appeared on the regular digital cable on-screen menu). We have called attention to the availability of parental control tools and information via public service announcements and bill stuffers. And we are insisting, in any carriage agreement with any cable network, that the network provide ratings for all of its programming (MPAA ratings for unedited movies and TV ratings for all other material). Finally, we are also participating in a variety of initiatives launched by NCTA, including the media literacy initiative together with Cable in the Classroom and the National PTA.

F. Comcast Has a Vested Interest in Enhancing the Lives and Opportunities of Its Customers and Employees in Each and Every Community It Serves.

Unlike DBS companies, cable operators have an active local presence in the communities that they serve. As an initial matter, Comcast employees typically live where they work and,

thus, have close ties to their communities. Moreover, community involvement provides an important means for us to distinguish ourselves from DBS providers and to show that we listen to our customers and communities and can address the needs of our customers and potential customers.

Comcast makes a strong effort to contribute to the quality of life in all of our markets. This is manifested by the numerous volunteer and community service endeavors with which we are involved. These vary considerably from community to community, taking different forms depending on local needs, culture, partnerships, and other factors. What they have in common is a commitment to enrich lives and expand opportunities, build stronger and better places to live, learn, and work, and ensure that the benefits of progress are widely shared.

Throughout the country, Comcast and its employees are involved in a variety of community improvement activities. Comcast's community involvement activities include supporting volunteerism through events such as Comcast Cares Day¹³⁵ and The Comcast Leaders and Achievers Scholarship Program,¹³⁶ improving opportunities through technology and education programs such as Cable in the Classroom, The Comcast Reading Network,¹³⁷ and Comcast Community Connection projects;¹³⁸ and partnering with other beneficent organizations

¹³⁵ See Comcast Corp., *Comcast Cares Day*, at http://www.comcast.com/InTheCommunity/volunteer/volunteer_caresday.html (last visited July 22, 2004).

¹³⁶ See Comcast Corp., *Leaders and Achievers Scholarship Program*, at http://www.comcast.com/InTheCommunity/scholarships/scholarship_intro.html (last visited July 22, 2004).

¹³⁷ See Comcast Corp., *The Comcast Reading Network*, at http://www.comcast.com/InTheCommunity/literacy/reading_network.html (last visited July 22, 2004).

¹³⁸ See Comcast Corp., *Comcast Community Connection*, at http://www.comcast.com/InTheCommunity/literacy/community_connections.html (under construction as of July 22, 2004).

such as United Way, City Year, and Partnership for a Drug Free America, to further support our neighborhoods with a wide variety of resources -- human, financial, and technological -- to ensure their ongoing prosperity and progress. Because each of the communities we serve is unique, Comcast tailors these activities to each community.

For example, in Arlington, VA, over the past year, some of the key community service activities in which Comcast leads, partners, or participates include, among many others, Comcast Cares Day, the “Students & Leaders” series and sponsorship and production of the Comcast Outdoor Film Festival. For Comcast Cares Day, over 200 employee volunteers and their families joined together in Arlington to paint and refurbish Wakefield High School last October.¹³⁹ For the “Students & Leaders” program, in May 2003, Comcast teamed with C-SPAN to bring Supreme Court justices, Cabinet secretaries, heads of Federal agencies, members of Congress, and national media figures to three Arlington schools to discuss their lives, insights on leadership and motivations for choosing careers in public service.¹⁴⁰ The Comcast Outdoor Film Festival features free family-oriented movies, such as *Shrek* and *Grease*, shown at a large outdoor amphitheater. In addition to these community activities, each year, Comcast and the Comcast Foundation contribute two \$1000 scholarships to each Arlington public high school. Comcast also continues to devote time, energy, and resources to bringing the latest technology and educational content to Arlington teachers and students.

¹³⁹ Company-wide, last year over 25,000 Comcast employees and their families donated more than 150,000 volunteer hours to 228 community projects in 33 states. A number of Comcast’s efforts were recognized with prestigious 2004 Beacon Awards. *See 2004 Beacon Awards*, Multichannel News, Mar. 29, 2004, at 12A, available at <http://www.multichannel.com/article/CA405997>.

¹⁴⁰ Comcast was awarded a 2004 Beacon Award for its work in Arlington. *See id.*

IV. NEW COMPETITIVE REALITIES WARRANT A CRITICAL REVIEW OF ALL REGULATORY REQUIREMENTS ESTABLISHED BEFORE DBS COMPETITION HAD EVEN BEGUN.

A. A Fresh Assessment of Regulatory Requirements Is Long Overdue.

Congress was clear, even when it imposed extensive regulation on cable in 1992, that it strongly prefers competition to regulation. As the Commission noted in its First Video Competition Report in 1994, “the 1992 Cable Act’s regulatory scheme serves as a *transitional* mechanism *until competition develops* and consumers have adequate multichannel video programming alternatives.”¹⁴¹ No credible argument can be made that this competition has yet to develop. As the Commission has explained, “[m]ost consumers can receive video programming from broadcast television stations over the air, one cable provider, at least two DBS providers, and, in limited cases, a wireline overbuilder or other delivery technology,”¹⁴² and “the vast majority of Americans enjoy more choice, more programming, and more services than any time in history.”¹⁴³

We commend the Commission for taking the initiative to request comment “on whether there are any statutes or regulations that should be modified in light of changes in the video industry and competition over the past decade.”¹⁴⁴ As a general observation, in light of the significant competition described above, *all* rules grounded in 1992-era circumstances are now

¹⁴¹ *In re Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, First Report, 9 FCC Rcd. 7442 ¶ 6 (emphasis added) (internal citation omitted).

¹⁴² *Notice* ¶ 9.

¹⁴³ *2003 Video Competition Report* ¶ 4.

¹⁴⁴ *Notice* ¶ 10.

highly suspect and candidates for elimination. More specifically, certain rules described below warrant immediate Commission attention as they continue to impose archaic burdens and costs on one competitor in a competitive marketplace. For the same reason, proposals for new regulatory burdens should bear a heavy burden of proof.

B. The Commission Should Remove or Revise All Cable Rules That Are No Longer Justified in This Competitive Marketplace.

Effective Competition: The Communications Act provides that, if “a cable system is subject to effective competition, the rates for the provision of cable service by such system shall not be subject to regulation.”¹⁴⁵ In 1992, Congress established that a cable operator in a particular franchise area is subject to effective competition when, among other things, a competitive MVPD: (1) offers its service to “at least 50 percent of the households in the franchise area”; and (2) serves at least “15 percent of the households in the franchise area.”¹⁴⁶ In adopting regulations to implement the effective competition provisions of the Act, the Commission adopted a regulatory presumption that cable systems were not subject to effective competition, noting that “the vast majority of cable systems today are not subject to effective competition.”¹⁴⁷ Thus, the burden fell on cable operators to prove that they were subject to effective competition by submitting data, much of which is considered proprietary, about the number of households to whom their competitors offered service and actually served.

¹⁴⁵ 47 U.S.C. § 543(a)(2).

¹⁴⁶ *Id.* § 543(l)(1)(B).

¹⁴⁷ *In re Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992: Rate Regulation*, Report & Order and FNPRM, 8 FCC Rcd. 5631, 5670 ¶ 43 (1993) (“*Rate Order*”) (footnote omitted).

In light of the substantial competition discussed above, it is clear that this approach is no longer justified. Competition is sufficiently prevalent throughout the country that the Commission should presume that effective competition exists statewide in any state where DBS penetration is over 15%. Comcast also recommends that the Commission change its rules to provide that, where no opposition to a petition for a determination of effective competition is timely filed, that petition shall be granted automatically.

Rate Regulation Reform: Besides the effective competition issue, there are a host of other changes that should be made in the Commission's rate regulation rules. Comcast presented detailed proposals on these issues in 2002 in MB Docket No. 02-144, which remains pending.¹⁴⁸ Among these proposals are the following: Deregulate equipment designed for use with advanced digital, HDTV, and other unregulated services; clarify that strict historical linkage in the unbundling of equipment costs is no longer required; clarify that prices charged for services and equipment provided to commercial establishments are not subject to regulation; and delete the reference to "cable programming service" in Section 76.984(a) of the rules and clarify that the uniform rate structure rule is inapplicable to the now unregulated cable programming service tier.

Integrated Set-Top Box Ban: Competition has compelled cable operators to recognize the competitive necessity of establishing much stronger relationships with consumer electronics manufacturers and retailers, and they have done so. Cable operators have demonstrated that they are committed to promoting the retail availability of set-top boxes and integrated television

¹⁴⁸ See Comcast Comments, MB Dkt. No. 02-144 (Nov. 4, 2002), *available at* http://gullfoss2.fcc.gov/prod/ecfs/retrieve.cgi?native_or_pdf=pdf&id_document=6513307818 and http://gullfoss2.fcc.gov/prod/ecfs/retrieve.cgi?native_or_pdf=pdf&id_document=6513307819; Comcast Reply Comments, MB Dkt. No. 02-144 (Dec. 4, 2004), *available at* http://gullfoss2.fcc.gov/prod/ecfs/retrieve.cgi?native_or_pdf=pdf&id_document=6513396999.

receivers that incorporate the POD host interface. Retaining the current prohibition on the deployment of integrated set-top boxes after July 2006 would impose substantial additional costs on consumers while achieving no significant consumer benefits, and would continue to skew the marketplace in favor of other competitors without similar obligations.

Program Access: In June 2002, the Commission extended Congress’s prohibition on exclusive contracts for satellite cable or broadcast programming between vertically integrated programming vendors and cable operators until October 5, 2007.¹⁴⁹ The Commission, however, found that, “if a dramatic shift in the competitive landscape should occur before five years, the Commission may initiate its review earlier on its own motion or in response to a petition.”¹⁵⁰ There can be little doubt that the significant and accelerating growth of DBS subscribers, DBS providers’ substantial market share in many large TV markets, News Corp.’s control of DIRECTV, and DBS providers’ successful use of exclusive programming to attract subscribers represent such a “dramatic shift.” Therefore, the Commission should initiate its review and eliminate the prohibition.¹⁵¹ At the very least, the Commission should modify the rule so that it cannot be invoked by any MVPD with more than 10 million customers, or which itself distributes programming on an exclusive basis.

¹⁴⁹ See *In re Sunset of Exclusive Contract Prohibition*, Report & Order, 17 FCC Rcd. 12,124 (2002).

¹⁵⁰ *Id.* ¶ 5.

¹⁵¹ We make this proposal recognizing that News Corp. and Liberty Corp. are prohibited from entering into exclusive contracts with DIRECTV as long as the program access rules are in place, and sunseting the exclusivity prohibition for cable will mean sunseting it for News Corp, Liberty, and DIRECTV as well. But freeing the market from government constraints on contracting for exclusive programming will promote further competition and permit all MVPDs to compete on a more equal footing.

Spectrum Eligibility Restrictions: In the past, the Commission has too readily excluded cable from being eligible to own or bid on spectrum allocated for a variety of services (for example, LMDS and MVDDS licenses). Comcast respectfully suggests that the competitive circumstances in the market for the delivery of video programming have changed sufficiently that the Commission should: (1) abandon any presumption in favor of applying such eligibility restrictions in the future; and (2) eliminate any FCC-imposed restrictions on the transfer of assigned spectrum to cable operators.

C. The Commission Should Recommend That Congress Consider Adopting Pro-Competitive Revisions to the Communications Act.

In addition to updating its own rules to reflect new competitive realities, the Commission may wish to tender recommendations to Congress for changes to the Communications Act, as is specifically contemplated by Section 4(k)(4) of the Act.¹⁵² In this regard, the Commission may wish to consider the following proposals.

Periodic Review and Forbearance: Under Section 10 of the Communications Act, the Commission currently has the ability -- and the duty -- to forbear from enforcing any regulation or statutory requirement applicable to any telecommunications carrier or telecommunications service where enforcement of that regulation or provision is not necessary to prevent unjust or unreasonable discrimination, enforcement of that regulation or provision is not necessary to protect consumers, and forbearance from applying such regulation or provision is consistent with the public interest.¹⁵³ Under Section 11 of the Communications Act,¹⁵⁴ and Section 202(h) of the

¹⁵² 47 U.S.C. § 154(k)(4).

¹⁵³ *See id.* § 160(a).

Telecommunications Act of 1996,¹⁵⁵ as amended, it has a duty to review all of its telecommunications rules (biennially) and broadcast ownership rules (now quadrennially) and eliminate those that are no longer necessary in the public interest. Both of these regulatory reforms could logically be applied to rules that govern providers of video services.

Timetables for Decisionmaking: The Commission is currently subject to a number of deadlines for various decisions made under Title II (e.g., tariff reviews, forbearance petitions, Section 271 applications). No similar deadlines apply to various cable-related matters (e.g., petitions for determinations of effective competition). Similar measures may be worthwhile in these contexts as well.

DTV Transition Review and Must-Carry: Congress may well be able to assist the Commission's efforts to accelerate the digital television transition and to recapture and redeploy the spectrum that broadcasters are currently using to deliver their analog programming. By devising measures to ensure that the small percentage of households that currently rely on over-the-air broadcasting are not disenfranchised (e.g., providing incentives for viewers to obtain digital over-the-air receivers or to subscribe to an MVPD), Congress can ensure that the DTV transition is brought to an end. Any legislation in this area would also give Congress the opportunity to evaluate whether there is any constitutionally defensible basis for retaining any must-carry requirements in an environment that has changed so dramatically since 1992.

(...footnote continued)

¹⁵⁴ *Id.* § 161.

¹⁵⁵ Pub. L. No. 104-104, § 202(h), 110 Stat. 56.

V. CONCLUSION

The current video marketplace is intensely competitive and growing more so each day. Every American consumer has numerous options as to what video programming to watch and when to watch it, as well as how and by whom it is delivered. User choice, flexibility, and control are continuing to grow. Virtually every day now brings a new announcement -- from a cable operator, DBS provider, broadcaster, RBOC, BSP, ISP, Internet streaming company, or a company like Akimbo which most people have never heard of -- regarding new programming that is available, cutting-edge services that have been deployed or soon will be, revolutionary technologies that have been invented, or other developments that will further increase competition for consumers' attention. The choices available to consumers today are staggering. And the robust competition that already exists is only getting stronger.

We believe this evidence of competition can lead to but one conclusion: the marketplace for video programming is fully and irreversibly competitive and serves consumers incredibly well. We encourage the Commission to report that conclusion to Congress and inform it also that competition in the marketplace has increased yet again over the past year. We also urge the

Commission to revise rules designed for the marketplace as it existed over a decade ago, and to suggest that Congress consider new legislation that will further adapt to today's marketplace realities.

Respectfully submitted,

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July 23, 2004

APPENDIX A

COMCAST PROGRAM PACKAGES

Our Arlington, Virginia system offers the following program packages.*

- Limited Basic: 32 channels, including all local broadcast stations, CSPAN and C-SPAN2, News Channel 8, TV Guide, ABC Family, WGN Superstation, three Arlington Public School channels, the Arlington Virginia Network (a local government channel), and a leased access channel.
- Expanded Basic: 45 services, including CNN, ESPN, Discovery Channel, Nickelodeon, Bravo, Food Network, Weather Channel, History Channel, and BET.
- Premium Services: services offered on a stand-alone basis, including HBO, Showtime, Cinemax, The Movie Channel, STARZ, ART (Arab Radio & Television), TV Asia, and Zee TV (an Indian-language channel).
- Digital Classic: an interactive programming guide, VOD access, 45 music channels, and 20 digital services, including Discovery Kids, Noggin, Fine Living, and Toon Disney.
- Digital Plus: Digital Classic services, plus 23 additional digital services including National Geographic, three Discovery channels, Sundance, and 12 Encore channels.
- Digital Silver: Digital Classic services, the Digital Plus services, and one premium service including the service's multiplexed channels and SVOD service.
- Digital Gold: Digital Classic services, the Digital Plus services, and three premium networks including the services' multiplexed channels and SVOD services.
- Digital Platinum: Digital Classic services, the Digital Plus services, and five premium services (HBO, Cinemax, Showtime, The Movie Channel, and STARZ) including the services' multiplexed channels and SVOD services.
- Hispanic Tier -- CableLatino: An add-on package for any subscriber that has the Digital Classic or Digital Plus services. This package is comprised of 18 Hispanic language services, including Discovery en Espanol, CNN en Espanol, and Toon Disney Espanol.
- Sports Tier: An add-on package for any subscriber that has the Digital Classic or Digital Plus services. The Sports Tier is comprised of three out-of-market regional sports networks and Gol TV, NBA TV, and Fox Sports World.
- HDTV Channels: A package of 14 networks transmitted in HDTV, including ABC, NBC, CBS, Fox, WB Network, two PBS signals, iNHD, ESPN-HD, Comcast SportsNet-HD, HBO HD, Showtime HD, Cinemax HD, and STARZ HD.**

* Consistent with FCC Rules, a customer must purchase Limited Basic in order to purchase any of the other packages listed here.

** Comcast does not charge separately for this programming but only for the HD-capable set-top box needed to receive it. With respect to premium services, customers receive only the HD versions of services they purchase.

APPENDIX B

Rates

06/04

SERVICE FEES

Service	Monthly Charges
Limited Basic Service	\$ 13.99
Expanded Basic (Cannot be sold separately)	\$ 33.08
Preferred Basic (Combined Limited & Expanded)	\$ 47.07
Pay-Per-View Movies*	\$ 4.95
Pay-Per-View Adult Movies*	\$ 12.95
Monthly Cable Guide	\$ 2.75

*PPV billed per use

PREMIUM SERVICES*

Service	Monthly Charges
HBO	\$ 16.95
Cinemax	\$ 12.95
Showtime	\$ 12.95
The Movie Channel	\$ 12.95
Starz! (Digital Service Only)	\$ 12.95
Sports Tier	\$ 5.00
ART (Digital Service Only)	\$ 14.95
TV Asia (Digital Service Only)	\$ 14.95
Zee TV (Digital Service Only)	\$ 14.95
Zee TV & TV Asia Combo (Digital Service Only)	\$ 24.95
Cable Latino (Digital Service Only)	\$ 10.95

DIGITAL SERVICES*

Service	Monthly Charges
Comcast Digital Classic	\$ 9.95
Comcast Digital Plus (includes Digital Classic)	\$ 14.95
Digital Converter	\$ 2.99
DVR	\$ 9.95

HDTV**

Service	Monthly Charges
Broadcast Channels	No Charge
Premium Channels (must subscribe to Digital Premium Services)	
HDTV Converter	\$ 5.00

INTERNET SERVICES

Service	Monthly Charges
Comcast High Speed Internet (Cable Customers)	\$ 42.95
Comcast High Speed Internet (Non Cable Customers)	\$ 57.95
Comcast Home Networking (Cable Customers)	\$ 52.95
Comcast Home Networking (Non Cable Customers)	\$ 67.95
Modem Rental	\$ 3.00
Gateway Modem Rental	\$ 5.00
Additional IP Addresses	\$ 6.95

EQUIPMENT

Service	Monthly Charges
Remote	\$ 0.15
Non Addressable Channel Selector - Converter	\$ 0.07
Addressable Channel Selector - Converter	\$ 2.99
Digital Converter	\$ 2.99
HDTV Converter	\$ 5.00

SPECIAL (NON-MONTHLY) CHARGES

Service	Charges
A/B or Bypass Switch	No Charge
Returned Check Fee	\$ 30.00
Late Fee	\$ 3.00
Administration Fee	\$ 1.99
Change of Service	\$ 10.00
Lost/Damaged Analog Remote	\$ 7.40
Lost/Damaged Digital Remote	\$ 16.95
Home Service Call (VCR hook-up, TV tuning, etc)	\$ 31.29
Unreturned Analog Converter Box	\$300.00
Unreturned Digital Converter Box	\$800.00
Unreturned Internet Modem	\$139.00

Rate&ServiceCharges

Effective 06/04

STANDARD INSTALLATION

Service	Charges
Unwired Home Installation	\$33.96
Pre-wired Home Installation	\$25.79
A/O Installation (Same Trip)	\$14.13
A/O Installation (Separate Trip)	\$24.79
Hourly Service Charge	\$24.79
Comcast High Speed Internet Installation	\$99.00
Comcast Home Networking Installation (Includes 2 PCs)	\$199.99
Comcast Home Networking Installation for the 3rd and 4th PC	\$50.00
Comcast Home Networking Installation for the 5th	FREE
Comcast Home Networking (Separate Trip)	\$74.99

Rates exclude Franchise and FCC fees and taxes.
Additional cost may be incurred for custom installs.

*Requires converter box.

** HDTV operates with HDTV television set only. Requires a converter box.

Must subscribe to digital premium services to receive HDTV premium service. One time HDTV premium charge applies.

REPAIR

Please call our office at 703-841-7700 24 hours.

BILLING INQUIRIES

Monday-Saturday 8am-8pm

FULL SERVICE LOBBY LOCATION

2707 Wilson Blvd

Arlington, VA 22201

Mon-Fri 8:00AM-9:00PM Sat 9:00 AM-6:00PM Sun-Closed

(703) 841-7700

OUR CREDO – TURN TO US FIRST

We will be the company to look to first
for the communications products
and services that connect people to what's
important in their lives.



06/04



ChannelLine-Up&Rates

Arlington

ChannelLineup

Effective June 24, 2004

2	TV Guide Channel	43	Nickelodeon	101	Weatherscan Local	220	WETA-HD (PBS D.C.)	346	Showtime Beyond E	433	Classical Masterpieces
3	WBDC-50 (WB D.C.)	44	Disney	102	ESPNews	221	WETA Prime-HD (PBS D.C.)	347	Showtime Extreme E	434	Opera
4	WRC-4 (NBC D.C.)	45	Cartoon Network	105	C-SPAN 3	222	WETA Kids-HD (PBS D.C.)	348	Showtime Extreme W	435	Light Classical
5	WTTG-5 (FOX D.C.)	46	Animal Planet	109	National Geographic	223	WETA Plus-HD (PBS D.C.)	349	Showtime Beyond W	436	Show Tunes
6	QVC	47	TLC	110	The Science Channel	228	HBO HD*	350	The Movie Channel E <i>(Digital Service Only)</i>	437	Contemporary Christian
7	WJLA-7 (ABC D.C.)	48	Discovery	111	Discovery Times	233	Cinemax HD*	351	The Movie Channel W <i>(Digital Service Only)</i>	438	Gospel
8	News Channel 8	49	Discovery Health	112	Discovery Wings	238	Showtime HD*	352	The Movie Channel Extra E	439	For Kids Only
9	WUSA-9 (CBS D.C.)	50	Lifetime	113	Discovery Home & Leisure	248	Starz! HD*	353	The Movie Channel Extra W	440	Sounds of the Seasons
10	Comcast SportsNet	51	style.	114	BBC America	262	Fox Sports Net - Atlantic	354	The Movie Channel SVOD	441	Musica Latina
11	ESPN	52	HGTV	120	SoapNet	263	Fox Sports Net - Central	368	Starz! SVOD	442	Salsa Merengue
12	ESPN2	53	TV One	121	Do-It-Yourself Network	264	Fox Sports Net - Pacific	369	Starz! HD	443	Rock 'En Español
13	USA	54	Food Network	122	Fine Living	265	ESPN Classic	370	STARZ! E	444	Latin Love Songs
14	WFDC-14 Telefutara	55	Game Show Network	130	Discovery Kids	267	Fox Sports World	371	STARZ! Theater E	445	Mexicana
15	WMDO-30 (Univision D.C.)	56	E!	131	Noggin	268	Gol TV	372	Black STARZ!	450	DMX 1 Latin Contemporary
16	HBO	57	VH-1	132	Nick Too	273	NBA TV	373	STARZ! Family E	451	DMX 3 Rock en Español
17	WPXW-66 (PAX D.C.)	58	CMT	133	Nick Games & Sport	281	Home Preview Channel	374	STARZ! Cinema E	452	DMX 7 Salsa
18	ABC Family	59	MTV	134	WAM!	299	HBO SVOD	375	STARZ! Kids	453	DMX 6 Tejano
19	WHUT-32 (PBS D.C.)	60	BET	135	Toon Disney	300	HBO HD	376	STARZ! W	454	DMX 4 Latin Jazz
20	WDCA-20 (UPN D.C.)	61	Comedy Central	140	MTV2	301	HBO E	380	STARZ! Cinema W	455	DMX 5 Regional Mexican
21	WZGS-64 (Telemundo D.C.)	62	Sci-Fi Channel	141	MTV Español	302	HBO Plus E	401	Showcase	456	DMX 8 Musica of the Americas
22	MPT-22 (PBS Annapolis)	63	Speed Channel	142	MTV Jams	303	HBO Signature E	402	Today's Country	457	DMX 2 Latin Dance
23	HSN	64	Outdoor Life	144	VH-1 Classic	304	HBO Family E	403	Classic Country	500	iN DEMAND Barker
24	MHz (56 Pub D.C.)	65	Golf Channel	145	VH-1 Soul	305	HBO Comedy	404	Americana	501	Comcast iN Demand1
25	MHz2 (53 Pub D.C.)	66	Court TV	146	VH-1 Country	306	HBO W	405	Bluegrass	502	Comcast iN Demand 2
26	WETA-26 (PBS D.C.)	67	WGN	150	The New Encore (E)	307	HBO Plus W	406	R&B and Hip-Hop	506	Hot Choice
27	Weather Channel	68	Hallmark	151	The New Encore (W)	308	HBO Signature W	407	Classic R&B	524-531	Comcast iN Demand
28	Headline News	69	ACT	152	Encore Action (E)	309	HBO Family W	408	Smooth R&B	544	Playboy
29	CNN	70	Arlington Public Schools 1	153	Encore Action (W)	310	HBO Zone	409	Rap	545	Spice
30	MSNBC	71	Arlington Virginia Network	154	Encore Mystery (E)	311	HBO Latino E	410	Metal	546	Spice 2
31	CNBC	72	Arlington Public Schools 2	155	Encore Mystery (W)	312	HBO Latino W	411	Rock	547	Pleasure
32	FOX News	73	Arlington Public Schools 3	156	Encore Love Stories (E)	318	Cinemax SVOD	412	Power Rock	601	Discovery Español
33	FX	74	Sneak Peek	157	Encore Love Stories (W)	319	Cinemax HD	413	Classic Rock	602	CNN Español
34	Spike TV	75	Comcast iN Demand 1	158	Encore True Stories (E)	320	Cinemax <i>(Digital Service Only)</i>	414	Alternative Rock	603	Fox Sports America
35	TBS	76	C-SPAN	159	Encore True Stories (W)	321	MoreMax	415	Electronica	604	Toon Disney Español
36	TNT	77	C-SPAN2	160	Encore Westerns (E)	322	Cinemax W	416	Dance	605	MTV Español
37	History Channel	78	Showtime	161	Encore Westerns (W)	323	MoreMax W	417	Progressive	606	VH UNO
38	A&E	95	Leased Access/Access TV/Shop NBC/PIN	162	G4	324	ActionMax E	418	Soft Rock	607	TVE Internacional
39	Bravo	96	Great American Country	165	Sundance (E)	325	ThrillerMax E	419	Hit List	608	CineLatino
40	AMC			166	Sundance (W)	326	ActionMax W	420	Party Favorites	609	Uttlisima
41	TCM			170	Flix (E)	327	WMMax E	421	80's	610	HTV Música
42	TV Land			171	Flix (W)	328	@Max E	422	New Wave	665	TV Asia
				199	Comcast On Demand (VOD)	329	5 Star Max E	423	70's	666	Zee TV
				200	Comcast SportsNet iND HD2	330	OUTERMAX E	424	Solid Gold Oldies	684	ART
				202	ESPN-HD	338	Showtime SVOD	425	Singers and Standards	700	ESPN Now
				206	iN Demand 1 HDTV	339	Showtime HD	426	Big Band and Swing	701-707	MLS/ESPN Game Plan
				207	Comcast SportsNet iND HD2	340	Showtime E	427	Easy Listening	749	NBA TV
				210	WJLA-HD (ABC D.C.)	341	Showtime TOO E	428	Smooth Jazz	750	NBA.com
				211	WRC-HD (NBC D.C.)	342	Showtime 3 E	429	Jazz	751-761	NBA
				212	WUSA-HD (CBS D.C.)	343	Showtime W	430	Blues	771-778	NHL/MLB
				213	WTTG-HD (Fox D.C.)	344	Showtime TOO W	431	Reggae		
				214	WBDC-HD (WB D.C.)	345	Showtime 3 W	432	Soundscapes		

Channel Key

Limited Basic
Expanded Basic

* Available to Premium Subscribers Only!

Premium
Video On Demand
Digital Classic
Digital Plus

Music Choice
Pay-Per-View and
Sports Package *(Digital Service Only)*



DIGITAL PACKAGES



PLATINUM PACKAGE.....\$97.95

Includes Full Basic, Comcast Digital Service, and Multiplexed Services on HBO, Cinemax, TMC, Showtime, STARZ, Encore, Flix, Pay-Per-View access, VOD/SVOD access, and Music Choice, Digital Box, Universal Remote, one outlet only.



GOLD PACKAGE.....\$87.95*

Includes Full Basic, Comcast Digital Service & Multiplexed Services on HBO, Cinemax, Showtime, Flix, Pay-Per-View access, VOD/SVOD access and Music Choice, Digital Box, Universal Remote, one outlet only. ***Please note that TMC is no longer part of the Gold Package. Anyone interested in TMC can have it in Platinum or in a Silver Package.**



SILVER PACKAGE - HBO.....\$77.95

SILVER PACKAGE – Non HBO\$75.95

Includes Full Basic, Comcast Digital Service & Multiplexed Services on ONE of the following (HBO, Cinemax, Showtime or TMC). Also includes Flix (Showtime customers only), VOD/SVOD access, Pay-Per-View access, and Music Choice. Digital Box, Universal Remote, one outlet only.

COMCAST DIGITAL PACKAGE.....\$63.12(Alx) - \$65.01 (Arl)

Includes Full Basic, Comcast Digital Service, VOD access, Pay-Per-View access, and Music Choice. Digital Box, Universal Remote, one outlet only.