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November 17, 2004

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

Re: **In the Matter of Implementation of Section 304 of the Telecommunications Act of 1996 (Commercial Availability of Navigation Devices), CS Dkt. No. 97-80**

Dear Ms. Dortch:

Intel Corporation ("Intel") strongly supports the FCC's proposal in the above-referenced matter to maintain the July 1, 2006 "reliance date" for CableCARD compatibility, and submits that the Commission's retention of that date by which cable operators will no longer be permitted to sell or lease integrated cable set-top boxes is of critical importance.

It is imperative that the Commission not further delay the July 1, 2006 compliance deadline. Holding fast to that date is the only way to ensure that the navigation device market is opened to meaningful competition. Consumers will never be able to enjoy the cost benefits of free market competition until cable operators are required to implement CableCARD compatibility in their devices. Only through enforcement of the reliance date can the Commission level the playing field for manufacturers and remove the considerable advantage cable operators currently maintain over other navigation device manufacturers.

In April, 2003, the FCC chose to extend the deadline concerning the prohibition on integrated devices until July 1, 2006.[1] Although the FCC acknowledged the extension would delay the development of a commercial retail market for navigation devices, it concluded that a "limited deferral of the date" was necessary to account for the on-going business ordering/manufacturing cycles relating to the original January 1, 2005 deadline, and for the FCC's own notice and comment cycle.[2] As the FCC predicted at that time, the eighteen month extension has indeed provided "adequate time" for parties to address those concerns, and it is

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[1] *In the Matter of Implementation of Section 304 of the Telecommunications Act of 1996, Commercial Availability of Navigation Devices*, CS Docket No. 97-80, FCC 03-89 (Apr. 25, 2003).

[2] *Id*.

now necessary to stand by the already extended deadline to ensure that the Commission's goals of increased free market competition and consumer choice are not further impeded.[3]

As the FCC and Congress envisioned, cable companies must now be required to use CableCARDs in their devices in order to give consumer electronics and information technology companies a fair opportunity to compete in the navigation device market. Absent enforcement of the reliance date, consumers will never receive an opportunity for real choice in the marketplace and will never be able to take advantage of competitive behavior among manufacturers that would lead to better products and lower prices.

One party that asks the FCC to impose yet another extension of the reliance date has actually argued that its implementation would substantially increase equipment costs for consumers.[4] First, the record in this proceeding belies that argument. Statements by a number of experts in the field attesting to the fact that initial costs will be low and, assuming the reliance date remains in place, prices will soon fall even lower.[5] Second, Intel has a great deal of experience in mass producing silicon products and incorporating software into such products. We have found no substitute for a vigorous competitive market to lower prices and to provide increased functionality to consumers. Postponing that vigorous, competitive market, unwarranted by any argument put forward by proponents of delay, will only disadvantage consumers. It is clear that any genuine benefits for consumers in terms of navigation device cost, choice, and function will only result from open markets and level playing fields that allow for multiple manufacturers to place their products on store shelves.

In addition, the retention of the compliance date is required to ensure the viability and feasibility of the CableCARD technology. The cable industry and equipment manufacturers must share a common commitment to developing reliable CableCARD functionality. Maintaining the reliance date will directly address this concern by providing all parties with incentives to quickly develop innovative and dependable CableCARD-compatible products that instill confidence in manufacturers and consumers alike. Furthermore, as soon as CableCARDs become commonplace in new equipment, the cost of the cards and card slots will fall dramatically.

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[3] *Id*.

[4] *See*, *ex parte* letter filed by Jonathan A. Friedman on behalf of Motorola, Inc., CS Docket 97-80 (November 4, 2004).

[5] Despite expert declarations previously filed in this Docket, the *ex parte* letter claims a rather high CableCARD price for what will become relatively inexpensive once the reliance date is enforced. *Id. See* Declarations of Colas Overkott and Jack W. Chaney in CS Docket 97-80 (March 4, 2003). Intel affirms the general conclusions of those two experts that in quantity CableCards initially should cost between $19 and $15. Given Intel's experience in mass production, we believe prices will fall even further once July 1, 2006 is behind us, provided that the reliance date is not delayed again.

For all of the above reasons, Intel supports the FCC's retention and enforcement of the July 1, 2006 reliance date. Should any questions arise concerning this matter, kindly contact the undersigned.

Very truly yours,

Jeffrey T. Lawrence

Jeffrey T. Lawrence
Director Content Policy
Intel Corporation

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