Intel Corporation
JF3-147
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W. Kenneth Ferree, Esquire
Chief, Media Bureau
Federal Communications Commission
445 12th Street, S.W.

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 Mr. Ferree,

Intel submits this letter as a brief reply to the National Cable & Telecommunications' (NCTA) December 20, 2004 letter.[1] Intel is pleased to see NCTA praise CableCARDs and we're pleased to see the amount of energy they claim the cable operators are devoting to its success. Indeed, all the praise for their efforts led us to expect the letter to conclude by endorsing the July 2006 deadline and withdrawing their request for an extension or elimination. We were disappointed.

Intel agrees with NCTA that most new technologies have a hopefully brief teething period. It is encouraging to read NCTA's assurances that they have resolved all CableCARD problems quickly and we can assume smooth sailing for day-to-day CableCard deployment. We're equally pleased to see that "Cable operators have strong economic incentives to support the retail availability of navigation devices."[2] Indeed, the letter complains about the burden of cable operators "up-front investment" by having to lease "the box at a government-prescribed price…."[3] The logical conclusion would be to support immediate transition away from such government regulation and move as quickly as possible to the market-based alternative of all CableCARD-enabled devices, reducing their new "up-front investment." It is therefore disappointing to see NCTA reach the illogical position of insisting on delay or death of the July 2006 deadline.

Little has changed since 1996 when Congress mandated ending the cable operator monopoly over consumer equipment, and 1998 when the FCC gave cable operators seven years to relinquish that monopoly by switching to CableCard-enabled consumer equipment. All that has changed, if the NCTA's letter is to be believed, is that the CableCARD future is rosy and is here today. To shore up their plan to have the FCC maintain their monopoly, however, NCTA claims consumers will be harmed if their choice is widened to competing UDCP providers on a level playing field. This is simply contrary to all high technology and consumer electronics

[1] Letter from Neal M. Goldberg, General Counsel, NCTA to W. Kenneth Ferree, CS Docket 97-08, December 20, 2004 (*"NCTA Letter"*).
[2] *Id.*, at 2.
[3] *Id.*, at 3.

experience whenever competition is allowed to bloom. In 1997, for example, the first DVD Players cost $1,000, during this Thanksgiving Day one could find them on sale for $19.99.[4] In 1997, a PC cost $2,000; today a much faster, more capable PC costs under $350.00.[5] All because "competition in the … equipment market is central toward encouraging innovation in equipment and services, and toward bringing more choice to a broader range of consumers at better prices."[6]

Intel also appreciates NCTA pointing to the difficulties Intel and many other consumer electronics companies have had in producing state of the art, never before manufactured liquid crystal on silicon displays.[7] Developing a very complex, never-before developed display technology is unrelated to the cost of a product where NCTA claims "within a few months, the number of certified, verified, and self-verified CableCARD-enable products … has grown to over 140 devices from 11 manufacturers."[8] While one might view NCTA's reference to LCOS as an ad hominem attack, we believe it is just another instance of NCTA misunderstanding consumer equipment and a demonstration of cable operators' fear of vigorous competition in a new market segment.

While it is understandable cable operators might not prefer the kind of vigorous competition that benefits consumers by lower costs and innovation, the NCTA letter does not provide any basis for further delay and for continuing to deny consumers the cost and innovation benefits inherent to full competition. Congress in 1996 and the Commission in 1998 were correct: putting cable operators and device manufacturers on the same level playing field will benefit consumers.

Intel would be pleased to discuss this matter with you at your convenience.

Very truly yours,

Jeffrey T. Lawrence

Jeffrey T. Lawrence
Director Content Policy
Intel Corporation

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[4] See, *e.g.*, The Miami Herald.com, "Black Friday Sales Leaked Online," http://www.miami.com/mld/miamiherald/business/national/10266147.htm (last accessed December 23, 2004).

[5] See, *e.g.*, *http://configure.us.dell.com/dellstore/config.aspx?c=us&cs=04&kc=6W300&l=en&oc=dim24min&s=bsd (*last accessed December 23, 2004). If you buy a lesser known name-brand, a PC can be had for under $300, http://www.tigerdirect.com/applications/SearchTools/item-details.asp?EdpNo=1076874&Sku=E400-D2823 (last accessed December 23, 2004).

[6] *Implementation of Section 304 of the Telecommunications Act of 1996: Commercial Availability of Navigation Devices,* 13 FCC Rcd 14775 (1998)

[7] NCTA conveniently left out the first sentence before its quote. "The LCOS display technology has proved vexing to many other consumer electronics companies because it is so difficult to manufacture." John Markoff, "The Disco Ball of Failed Hopes and Other Tales From Inside Intel," The New York Times, November 29, 2004 at C1.

[8] *NCTA Letter* at 1.

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