

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)
)
Annual Assessment of the Status of) MB Docket No. 05-255
Competition in the Market for the)
Delivery of Video Programming)

**REPLY COMMENTS OF THE
CONSUMER ELECTRONICS ASSOCIATION**

The Consumer Electronics Association (“CEA”) respectfully files these reply comments in response to the Commission’s Notice of Inquiry (“NOI”) in the above-captioned proceeding.¹

In our comments, we stated that American consumers now have more ways to receive video programming than ever before. Consumer electronics equipment manufacturers, cable operators, terrestrial broadcasters, satellite broadcasters, and home media now are at the center of the market for delivery of video programming. While the vast majority of Americans receive local and network broadcast signals via cable and satellite, they soon will have these services available via telephone, mobile, wireless broadband, and even power lines. As the digital service market continues to grow, success in this market increasingly drives results between and among competitors.

As sales of digital television products flourish, the Congress is preparing to introduce legislation that likely will include a hard date to end analog broadcasting. This legislation also may include a subsidy that will enable consumers to purchase a low-cost analog to digital

¹ *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, MB Docket No. 05-255, FCC 05-155, Notice of Inquiry (rel. August 12, 2005) (“NOI”).

converter box so that an existing analog-only television may continue to receive an over-the-air (OTA) television signal.

CEA estimates that 32.7 million sets used are currently used to view OTA television, though most TVs in the U.S. are not used to receive an OTA broadcast signal. By 2009, we estimate that the percentage of American homes that would lose their primary video signal will be closer to 6.8 percent.

NAB reports in its comments that it recently issued a “Request for Quote [RFQ] to build a prototype Terrestrial Digital Converter Box, soliciting proposals from the consumer electronics industry and others.”² While NAB touts its efforts to ensure that a relatively small population of consumers “are not left behind when analog broadcasting ends”³, CEA points out that the converter box that NAB and MSTV envision is far from low-cost and includes many additional features that most consumers do not need or want. There is no current consumer demand for converter boxes due, in part, to the fact that there is no hard date to end analog broadcasting.

While the Congress may legislate a subsidy for a simple digital-to-analog converter box (i.e., a “no-frills” box that merely converts the OTA signal from digital to analog), the NAB and MSTV Request for Quote includes “mandatory” features and functionality which will add significant costs to the low-cost box envisioned by Congress. Some of these not-inexpensive features include: a detachable antenna; a “loop through” feature which includes an NTSC/ATSC combination tuner and loop through switch; an electronic programming guide which allows viewers to navigate channels; a “smart” antenna; and a universal remote.

CEA remains puzzled about the motives behind the NAB/MSTV RFQ. The box that NAB/MSTV outline in their RFQ simply cannot meet the low cost goal that Congress envisions.

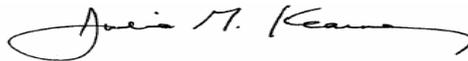
² See Comments of the National Association of Broadcasters, at 5 (filed September 19, 2005).

³ *Id.*, at 5.

It is unclear, therefore, why NAB and MSTV would issue an RFQ that goes well beyond Congress's intentions and the basic needs of most consumers. Further, no manufacturer involved the digital transition has suggested any problem with creating a simple analog-to-digital converter box.

While the CE industry remains committed to developing and producing a simple, low-cost converter box that is accessible to those OTA households who require one, we must remain realistic about the features and functionalities that can be included, while achieving Congress's ultimate goal of affordability. Further, consumer expectation and demand for such a product cannot be ignored.

Respectfully submitted,



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