

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	CSR-7012-Z
Application of Comcast Corporation's)	CS Docket No. 97-80
Request for Waiver of 47 CFR § 76.1204(a)(1))	

To: The Commission



COMMENTS

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I. Introduction and Summary

The American Cable Association (“ACA”) submits these Comments in support of Comcast Corporation’s Request for Waiver of 47 CFR § 76.1204(a)(1) (“Waiver Request”).

The move towards all-digital networks in smaller markets has been made possible by the availability of low-cost, limited-capability set-top boxes. These boxes allow ACA members to provide smaller market customers with digital services that they can afford, including local VOD, family, and themed-tier programming. As described in the Waiver Request, excluding the DCT-700, Explorer-940, Pace Chicago, and similar low-cost boxes like the DCT-2000 and DCT-2500 (“LCSTB”) from the Commission’s ban on integrated navigation devices will allow the digital transition to continue in smaller markets. Banning these LCSTBs or requiring the addition of CableCard slots will raise the price of digital services beyond the reach of many subscribers and significantly slow the digital transition, negatively impacting ACA members and their smaller-market subscribers. ACA therefore fully supports Comcast Corporation’s Waiver Request.

American Cable Association. ACA represents nearly 1,100 independent cable companies that serve more than 8 million cable subscribers, primarily in smaller markets and rural areas. ACA member systems are located in all 50 states, and in virtually every congressional district. The companies range from family-run cable businesses serving a single town to multiple system operators that focus on serving smaller markets. More than half of ACA’s members serve fewer than 1,000

subscribers. All ACA members face the challenges of upgrading and operating broadband networks in lower-density markets.

II. LCSTBs make possible the digital transition in lower-density markets

ACA members have invested hundreds of millions of dollars to move towards all-digital networks in lower-density markets. By going all-digital, ACA members can free up spectrum in their smaller markets for higher-speed data services, HD, VOD, and other advanced services. ACA members report that LCSTBs, which increase digital penetration, are key to facilitating this digital transition. Moreover, the LCSTBs allow ACA members to provide programming directed toward the specific needs and interests of their communities. We provide below specific examples of how ACA members are using or will use the LCSTBs to transition to all-digital networks and to provide targeted digital programming to their subscribers.

BendBroadband. BendBroadband serves about 34,000 subscribers in and around Bend, Oregon. Last year, the company invested \$750,000 in digital simulcasting, making significant inroads toward an all-digital network. For BendBroadband, the LCSTB is not only key to the company's transition to an all-digital system, but it also allows BendBroadband to provide uniquely local services to its analog subscribers.

At \$1.95/month, the LCSTB is very popular with BendBroadband's subscribers. To date, the company has deployed 13,800 LCSTBs, including the DCT-700, DCT-2000 and DCT-2500. The company expects to continue to deploy about 300 additional LCSTBs per month. In contrast, the company has only deployed 197 CableCARDs.

BendBroadband uses the LCSTBs to provide local video on demand to its subscribers, including a morning talk show, city council meetings, a Spanish-language community affairs show, and more than 50 prep-sports games. The company also uses the boxes to provide subscribers with digital simulcast programming, VOD and SVOD, digital music, and an interactive guide.

BendBroadband management reports that waivers for the LCSTBs are particularly critical for smaller operators, whose orders for new equipment are often sent to the back of the line when a larger operator puts in an order. Based on the company's experiences ordering equipment, management predicts that BendBroadband and other smaller cable operators will be unable to obtain CableCARD-compatible boxes when the boxes come on the market. These operators will then be totally unable to transition their subscribers to digital services after July 1, 2007, unless a waiver is in place for the "old technology" LCSTBs. In other words, the ban on integrated boxes will have the unintended effect of stopping the digital transition in its tracks in smaller markets.

Armstrong. Armstrong is a family-owned company providing cable services to about 230,000 basic subscribers in lower-density markets. Armstrong believes that the LCSTBs are the only reasonable way to bring low-cost digital services to a large portion of its subscribers. In Armstrong's experience, the CableCARD holds little appeal for its subscribers – only about 0.4% of the company's subscribers use the CableCARD. High-end digital set-top boxes are out of reach for many of the company's subscribers – only about 27% of Armstrong's subscribers use these boxes. The company expects that LCSTBs will allow a much larger percentage of its subscribers to transition to digital

services.

The company is concluding testing on the DCT-700 LCSTB, and will be launching the DCT-700 and Pace Chicago LCSTBs in 90% of its cable systems by the end of June. The company expects to deploy 8,000 LCSTBs by the end of the year.

Some of these boxes will go to digital subscribers, but Armstrong will also use the LCSTBs to bring very low-cost digital services to its analog subscribers for less than \$5.00 per month. The LCSTBs will allow Armstrong provide a digitized signal to its analog subscribers to give them a better-quality picture. Analog subscribers will also have access to Armstrong's EPG, VOD, and digital music with the LCSTB. Eventually, Armstrong plans to use the LCSTBs to provide its subscribers with family and themed tiers.

Armstrong management believes that if the Waiver Request is not granted, its business and its subscribers will suffer. The company anticipates that CableCARD-compatible boxes will be at least \$70 more than the LCSTB, so fewer subscribers will be able to afford digital services. These boxes will also be larger than the LCSTBs, which is unappealing to many subscribers. Without the requested waiver, Armstrong's digital transition will be hobbled.

Atlantic Broadband. Atlantic Broadband serves about 250,000 basic subscribers in Pennsylvania, Florida, Maryland, West Virginia, Delaware and New York. The company has deployed approximately 150,000 low-cost integrated analog/digital boxes, including the DCT-2000 and DCT-2500. The company expects to deploy another 10,000-15,000 of the boxes this year. While these low-cost boxes are very

popular, the CableCARD is not. Atlantic Broadband has only about 1,000 subscribers using the CableCARD.

Atlantic Broadband uses the LCSTBs to provide themed tiers and targeted a la carte programming to its customers. In its Miami system, for example, the company offers three Spanish tiers and Russian and Portuguese a la carte channels.

Atlantic Broadband reports that if these boxes are subject to the integration ban, the company will be required to spend about \$125 more for each CableCARD-compatible box, and will have to pass on the higher cost to its subscribers. Atlantic Broadband believes that this would adversely impact its digital penetration rate and its ability to compete with DBS.

Cable ONE. Cable ONE serves about 695,000 subscribers in 19 states in the Midwest, South, Southwest, and Northwest. About 32% of the company's subscribers currently have digital services. In order to move to an all-digital platform, the company plans to start digital simulcasting and deploying LCSTBs to its remaining subscriber base beginning in 2007. Cable ONE management states that the all-digital move will be cost prohibitive without the LCSTBs. Accordingly, if these boxes are not carved out of the integration ban, Cable ONE will need to re-evaluate its plans and the economic feasibility of moving to an all-digital network throughout its footprint.

Sunflower Broadband. Sunflower Broadband serves about 30,000 subscribers in and around Lawrence, Kansas. In April 2005, the company began digital simulcasting, and has now deployed almost 12,000 DCT-700 LCSTBs to its analog subscribers. These upgraded analog subscribers receive a digitized basic lineup,

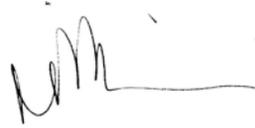
advanced parental controls, VOD (including local city commission meetings and parades), and about 20 additional digital channels for only \$3.95 more per month. The LCSTBs are very popular -- Sunflower Broadband expects to have 16,000 deployed by the end of 2006. In contrast, the company has only deployed about 175 CableCARDS despite working with local electronic retailers to facilitate deployment of CableCARDS. Sunflower Broadband management reports that requiring CableCARD compatible set-top boxes could nearly double the price of the boxes, with the result that fewer subscribers could afford digital services.

III. Conclusion

In the smaller markets served by ACA members, the LCSTB allows operators to provide affordable digital services such as local VOD, themed tiers and digital music to subscribers, and is the only feasible means of moving to an all-digital network. Consumers benefit by receiving additional services they desire at lower costs. At the same time, consumers in these markets have shown very little interest in CableCARDS. Requiring operators to deploy a CableCard-enabled box would raise the cost of the digital services to consumers and slow the digital transition while providing little to no corresponding consumer benefits. To promote deployment of digital services in low-density markets, the Commission should grant Comcast's Waiver Request.

Respectfully submitted,

AMERICAN CABLE ASSOCIATION



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