



Consumer Electronics Association
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October 16, 2006

Manuel Mirabal
Founder and Co-Chair HTTP
Hispanic Technology and
Telecommunications
Partnership
1901 L Street, NW Suite 802
Washington, DC 20036

Re: Implementation of Section 304 of the Telecommunications Act of 1996,
Commercial Availability of Navigation Devices

Dear Mr. Mirabal:

The Consumer Electronics Association (CEA) was surprised to see the Hispanic Technology and Telecommunications Partnership's letter to Chairman Kevin Martin of the Federal Communications Commission (FCC) supporting a waiver of the FCC's cable set-top box rules. We simply do not understand why an important group like yours would want to force consumers to rent boxes from monopoly cable companies.

The best answer to the challenges of the DTV transition is competitive entry, just as it was in telephone several decades ago. There, too, the incumbent monopolists said that competition in basic devices would make prices go up – whereas the fact is that prices went down, and innovation went up, dramatically.

For years, consumers have been offered two choices in set-top boxes: take it or leave it. Without competitive entry, increasingly, consumers will have to take a rented "box" to get even the most basic programming. For years they have had little choice even in the devices they could use to obtain premium programming. If a consumer wanted any channel such as HBO, she would generally have to put a cable-supplied set-top box on top of her television—even though the TV had everything necessary to receive HBO except the security circuitry required to descramble the picture. Essentially, consumers were paying twice for the same TV circuits. The cable industry wants to extend this paradigm into basic services and devices, as well.

But today, consumers can and should have more choices, so we are puzzled that your organization is not supporting the Communications Act of 1996 and the resulting FCC rules requiring the competitive availability of devices that are used to

view cable programming. A separate security device or CableCARD designed by the cable industry was the key to ensuring that consumers could use devices of their choice to receive cable programming. A visit to the web site www.tivocommunity.com/tivo-vb/ shows the stark reality about the cable industry's commitment to deploying CableCARDS and enabling consumer choice.

After numerous delays, including extensions granted by the FCC and two lost court cases, the cable companies are still chaining their customers to technology of the past and requiring them to pay higher fees for the privilege of using their pre-1996 first generation technology, not to mention defying the will of Congress and the FCC.

If the FCC grants yet another waiver, then cable companies will continue to use their proprietary set-top boxes safely within their monopolies, while eschewing consumer choice, innovation and technological advancement. Ultimately, consumers pay for these actions through high monthly costs and minimal choice.

Consumers deserve to receive the benefits of what Congress and the FCC have deemed to be in the public interest. Competition and choice drive down costs for consumers. Proprietary, cable-mandated set-top boxes do not. We urge you to reconsider your position on this issue and convey your views to the FCC. Should you have any questions, please do not hesitate to contact me or Julie Kearney, CEA senior director and regulatory counsel.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Shapiro". The signature is fluid and cursive, with the first name "Gary" written in a larger, more prominent script than the last name "Shapiro".

Gary Shapiro
President and CEO

cc: Kevin J. Martin, Chairman, Federal Communications Commission
Marlene H. Dortch, Secretary, Federal Communications Commission (for inclusion in CS Docket 97-80)