

## SUPPORT FOR LOW-COST SET-TOP BOX WAIVER

<u>CE COMPANIES</u>	
<p><b>Thomson</b> <i>Ex Parte</i> at 1-2 (October 26, 2006)</p>	<p>“Affordability for consumers has been and remains one of the most important factors in achieving a successful digital television transition. The continued availability of genuinely low cost set top boxes not burdened by the substantial incremental costs necessitated by compliance with the integration ban is important to millions of consumers seeking relatively low cost solution as their first step in the digital television world. By granting Charter's petition for waiver for the seven specific low-end set-top boxes, the Commission would preserve an affordable entry point for consumers making the transition to digital video technology and therefore facilitate and accelerate the digital television transition. Thomson also believes that the grant of the waiver requested by Charter will accelerate the development and deployment of more advanced technologies that will achieve the goals of the integration ban in a manner superior to the CableCARD solution.”</p>
<p><b>Samsung</b> <i>Ex Parte</i> at 3 (September 29, 2006)</p>	<p>“[T]here is significant value for consumers in facilitating cable systems’ transition to all-digital operation, which will reclaim bandwidth on cable systems that is currently devoted to analog channels for more efficient and higher quality digital transmissions. The continued availability of minimal-cost, limited-functionality digital cable set top boxes, without the cost of the CableCARD, will assist cable operators in converting to all-digital operation. Therefore, Samsung supports the requests by Comcast Corporation and Charter Communications, Inc. for limited waivers from the integrated security prohibition.”</p>
<p><b>Panasonic</b> Comments in support of Comcast waiver at 3, 6-7 (June 15, 2006)</p>	<p>“Comcast’s ability to offer such limited-capability set-top boxes would assist in the Nation’s transition to all-digital television. . . [W]e believe that first-time exposure of basic and/or analog-only cable subscribers to even a limited number of digital services . . . will broaden awareness of the digital transition and encourage cable subscribers to learn more about their overall digital television choices. . . [T]he sooner Comcast can free up the space in its cable systems currently occupied by relatively bandwidth-hungry analog channels, the faster Comcast would be able to provide additional digital programming channels and other services to its customers, including more HDTV programming. . . . Because the availability of HDTV programming is the driving and motivating force for consumers to participate in the digital transition, Panasonic deems more HDTV programming to be essential to the transition.”</p>
<p><b>BigBand Networks</b> Comments in support of Charter Waiver at 3 (September 18, 2006)</p>	<p>“Since the least expensive CableCARD-enabled devices on the market are in the price range of \$1000, as a practical matter a cable operator must get a set-top box into nearly every home in order to deliver the benefits of an all-digital network to consumers. To get a set-top box in every home, cable operators must be able to offer a very low-cost device to their more budget-minded customers. For low-cost boxes to remain low-cost, the Charter waiver must be granted.”</p>
<p><b>Pace</b> Comments in support of Charter Waiver at 4-5 (September 18, 2006)</p>	<p>“if Charter’s waiver is denied, <i>no one</i> will be able to produce ‘low cost’ set-top boxes – not Pace for cable operators, and not other CE manufacturers for retail sale. Absent a waiver, until the deployment of downloadable security, it will be technically and economically impossible for any manufacturer to build a compliant set-top box that could be priced anywhere close to the amount of today’s low-cost devices for which</p>

	Charter seeks waiver. The unavoidable fact is that the combined cost of a ‘dis-integrated’ host set-top box ... and a separate CableCARD is significantly greater than our integrated low-cost devices. Denial of the waiver request would therefore destroy, not enhance, the market for low-cost set-top boxes.”
<b>Harmonic</b> Comments in support of Charter Waiver at 2 (September 18, 2006)	“If Charter, or other Multiple-System Operators (‘MSOs’), do not have the ability to offer low-cost integrated digital set-top boxes, then they will have a more difficult task of enticing customers to lease the set-top boxes that are necessary for them to switch from analog to digital cable. This may make it more difficult for MSOs, particularly operators of small systems in rural areas, to accumulate enough of a critical mass of digital customers to move forward with a conversion to simultrans. Low-cost set-top boxes equipped with an analog tuner provide the vehicle for readying customers for all-digital.”
<b>Terayon</b> Comments in support of Charter Waiver at 2, 4 (September 18, 2006)	“Grant of Charter’s waiver request will facilitate the spread of digital-capable set-top boxes to all subscribers, not just middle-tier and high-tier users, making the benefits of digital technology, including Terayon’s innovations, more widely available. ... Grant of Charter’s waiver request, and the continued availability of low-cost digital set-top boxes, thus will benefit a substantial class of price-sensitive customers that do not plan to purchase digital televisions and, similarly, would resist the purchase of an expensive set-top box.”
<b>Motorola</b> Comments in support of Charter Waiver at 5 (September 18, 2006)	“[F]ailure to approve the waiver could slow the development and implementation of downloadable security. . . . If [Charter’s] Waiver Request is denied, the participants in the downloadable security initiative will likely have to shift manpower and other resources away from downloadable security to develop CableCARD alternatives to low-cost set-top boxes like the DCT-700 and DCT-2500e. Reallocating resources in this way will slow progress on downloadable security and deny cable operators, cable customers, and CE manufacturers the many public interest benefits associated with downloadable security and generally detract from further innovation with respect to cable equipment.”
<b>Cisco</b> Reply Comments in support of Charter waiver at 3 (September 28, 2006)	“Including CableCARD functionality in low cost set-top boxes will almost double their cost, effectively depriving consumers of a low-cost option. Without this option, there will be significantly lower consumer demand for digital set-top boxes, and fewer households with analog televisions will be able to access digital programming and services. This will slow the cable industry’s transition to all-digital platforms and require cable operators to continue dedicating system capacity to analog service instead of recapturing this capacity to expand and improve their high-definition and broadband Internet services.”
<b><u>CONSUMER AND PUBLIC INTEREST ORGANIZATIONS</u></b>	
<b>League of Rural Voters</b> <i>Ex Parte</i> at 2 (October 2, 2006)	“[I]ncreasing the cost of digital set-top boxes would make America’s digital transition goals even more challenging to achieve. It would dampen the incentive for rural Americans to switch from analog to digital services that offer premium content and help keep rural areas connected. By reducing the ability of rural Americans to afford digital cable boxes, the FCC will also reduce the incentive for network operators to spread their digital networks far and wide throughout rural America.”
<b>Americans for Prosperity;</b>	“[Our] organizations would like to express our support for pending waiver

<p><b>Americans for Tax Reform; Citizens Against Government Waste; National Taxpayers Union; Institute for Liberty; Reason Foundation</b></p> <p><i>Ex Parte</i> at 1 (October 2, 2006)</p>	<p>requests of the so-called ‘integration ban’ rule that requires certain video providers to implement costly ‘security card’ technology in their leased set-top boxes. This unnecessary regulation will result in a \$2 per month increased fee for affected video service subscribers, imposed by government fiat. The subscribers receive no benefit from this expense[.]”</p>
<p><b>Association of Public Television Stations</b></p> <p><i>Ex Parte</i> at 1 (June 29, 2006)</p>	<p>“As public television continues to develop and distribute high-quality multicast services to address the educational needs of local communities, it is important that cable subscribers have access to these services, including the large number of cable subscribers with analog television sets who use the set-top box models described in Comcast’s waiver petition.”</p>
<p><b>Black Leadership Forum (includes NAACP, Congressional Black Caucus, National Urban League)</b></p> <p><i>Ex Parte</i> at 1-2 (September 28, 2006)</p>	<p>“Particularly troubling is the unnecessary nature of what can only be described as a regressive ‘tax’ on cable customers. With gas prices spiraling through the roof and wages stagnant, the federal government should be seeking ways to provide working Americans relief. Instead, the FCC appears poised to allow a regulation to go into effect which would saddle consumers with added costs and give them nothing tangible in return.”</p>
<p><b>National Black Chamber of Commerce</b></p> <p><i>Ex Parte</i> at 1 (October 3, 2006)</p>	<p>“The integration ban is yet another example of needless government regulation that stifles competition and taxes unnecessarily. To make matters worse, consumers will be asked to bear these costs without gaining any new features or capabilities.”</p>
<p><b>Hispanic Federation</b></p> <p>Response to CEA, filed in Docket 97-80 (October 26, 2006)</p>	<p>“[CEA’s] analogy that cable companies are ‘chaining’ customers to ‘technology of the past’ contradicts the clear fact that all parties in this debate are working collectively to develop new ‘downloadable’ security that would make CableCARDs a thing of the past. The ‘integration ban’ ... would seem to chain consumers to the more dated set-top box technology. ... CEA’s current position advocating for government mandates relating to consumer electronics manufacturers is at odds with previous positions, as the association recently pledged to ‘fight mandates that force [the consumer electronics industry] to build all our products a certain way.’”</p>
<p><b>Hispanic Technology &amp; Telecommunications Partnership<sup>1</sup></b></p> <p><i>Ex Parte</i> at 2 (October 4, 2006)</p>	<p>“The Hispanic community currently uses video services at a higher rate than the non-minority national average. . . [T]he imposition of additional monthly cable charges for a feature which is not needed will disproportionately impact the Hispanic community and is an unacceptable consequence resulting from the FCC ‘Integration Ban’ rule.”</p>
<p><b>Hispanic National Bar Association</b></p> <p><i>Ex Parte</i> at 1 (October 17, 2006)</p>	<p>“the integration ban puts at risk imminent deployment of innovative digital cable programming that would benefit minority communities. The Commission’s preeminent objective in its consideration of the pending waiver requests should be to enhance, not restrict or impede the access of underserved communities to this type of programming.”</p>
<p><b>U.S. Hispanic Chamber of</b></p>	<p>“It would appear that the marketplace is already gravitating to new</p>

<sup>1</sup> Represents American GI Forum, Cuban American National Council, Dialogue on Diversity, Hispanic Information Television Network, Hispanic Federation, Interamerican College of Physicians and Surgeons, League of United Latin American Citizens, Latinos in Information and Science Technology, MANA: A National Latina Organization, National Conference of Puerto Rican Women, National Puerto Rican Coalition, Inc., the ASPIRA Association, Inc., and the U.S. – Mexico Chamber of Commerce.

<p><b>Commerce</b></p> <p><i>Ex Parte</i> at 1 (October 6, 2006)</p>	<p>improved alternatives to the existing set-top boxes, including the application of downloadable security software. Consequently, the imposition of CableCARDS could be a step backwards, stripping the consumers of access to more advanced enhancements and binding them to a technology that may soon become obsolete. Clearly, the granting of the waivers will provide a fuller opportunity to assess the rapid technological changes occurring in video and broadband and what might be the costs and benefits to consumers and businesses in the U.S.”</p>
<p><b><u>PROGRAMMERS</u></b></p>	
<p><b>ABC Sports</b>  <b>A&amp;E Television Networks</b>  <b>BET Holdings</b>  <b>Discovery Communications</b>  <b>Disney Media Networks</b>  <b>ESPN</b>  <b>Landmark Communications</b>  <b>MTV Networks</b>  <b>NBC Universal Cable</b>  <b>Oxygen Media</b>  <b>Showtime Networks</b>  <b>Turner Broadcasting System</b>  <b>TV One</b></p> <p><i>Ex Parte</i> at 1 (Nov. 2, 2006)</p>	<p>“As programmers, we also have strong views about [the integration ban] because we believe its implementation will adversely affect our ability to provide new and innovative content and services to cable customers. ... Content distribution is exploding in so many ways, and to divert cable operator time, money and resources during this exciting but highly competitive time will not benefit consumers. <i>The ban will divert operator resources from spending that spurs innovative programming.</i> Any additional costs imposed on cable operators to deploy set-top boxes as a result of the integration ban are likely to reduce the money they have available to spend on programming, and, in turn, will adversely impact programmers’ ability to build and grow existing and new networks. ... With [a downloadable security] solution on the horizon, it seems unwise to impose a more costly, less efficient, and much less consumer-friendly burden on cable operators and their customers. For these reasons, we support the request filed by NCTA seeking waiver of the integration ban until downloadable security is deployed or until December 31, 2009, whichever is earlier.”</p>
<p><b><u>SMALL CABLE OPERATORS</u></b></p>	
<p><b>American Cable Association</b></p> <p>Comments in support of Charter waiver at 2-3 (September 18, 2006)</p>	<p>“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 small market customers with digital services that they can afford, including local VOD, family, and themed-tier programming. ... Banning the[se devices] will significantly slow the digital transition, negatively impacting ACA members and their smaller-market subscribers. ACA, therefore, fully supports Charter’s Request.”</p>
<p><b>Armstrong Utilities</b></p> <p><i>Ex Parte</i> at 1 (September 11, 2006).</p>	<p>“The Comcast waiver request is extremely important to our company and other ACA members. A low-cost set-top like the DCT-700 is essential to expanding lower cost digital offerings as we transition to an all-digital network. We have invested over \$1.6 million in infrastructure to be able to offer our all-digital product, TV Plus. With the DCT-700 set-top, we can make this accessible to nearly all our customers. . . [W]e offer TV Plus for just \$2.95 more than analog expanded basic. We launched TV Plus this year, and customers are telling us they love it. The DCT-700 is the lynchpin of this offering.”</p>
<p><b>BendBroadband</b></p> <p><i>BendBroadband’s Request for Waiver of 47 C.F.R. § 76.1204(a)(1), CSR-7057</i>, at 4, fn. 4 (Oct. 4, 2006).</p>	<p>“the integration ban would pull the rug out from under the digital transition in small and rural markets by taking this low-cost option away from new customers right when it is most needed. ... If the Commission fails to grant such a waiver, it would delay and deny the benefits of the digital revolution to small-town and rural America. ... BendBroadband believes that low-end set-top box waiver requests by larger cable operators</p>

	<p>should also be granted. As a practical matter, relief for small, rural operators is dependent on the relief granted to larger MSOs. This is because the availability and pricing of set-top boxes to small MSOs is largely driven by the demands vendors receive from the large MSOs. If only small MSOs are permitted to offer a certain type of set-top box, it is likely that vendors will not find it economic to make them, at least at the low prices now available. Comcast and Charter have presented a clear case that their requests for waiver are consistent with Section 629(c) of the Act and paragraph 37 of the <i>Second Report and Order</i>. Their waivers should therefore be granted.”</p>
<p><b>RCN</b></p> <p>Reply Comments in support of Comcast waiver at 3, 5 (June 30, 2006)</p>	<p>“Grant of a waiver of the integration ban for low-cost, limited-capability set-top box equipment will help accelerate consumer adoption of digital programming and services. These types of set-top boxes provide a cost-effective way for cable consumers with analog televisions to access a wide array of digital programming, including VOD, parental control technologies, and tiered programming. . . [F]ailure to grant the waiver would result in harm to cable operators and consumers because making limited-capability set-top boxes compliant with the Commission rules would require a substantial redesign and would greatly increase the overall cost of the device.”</p>
<p><b>National Cable &amp; Telecommunications Association</b></p> <p>Comments in support of Charter waiver at 2 (September 18, 2006)</p>	<p>“Implementation of the integration ban would also drain financial and technical resources away from cable operators at the very time they are attempting to invest such resources in the digital transition. This impact will be greatest on operators with limited financial liquidity, and/or operators with small systems, where the per capita cost of transitioning to digital is greatest.”</p>
<p><b>Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO)</b> (<i>represents 550 small incumbent telephone companies</i>)</p> <p>Reply Comments in support of NCTA waiver at 3 (Dec. 11, 2006)</p>	<p>“granting the [NCTA] waiver will also remove a regulatory barrier that has the effect of impairing the further deployment of broadband in rural areas. It has been demonstrated that when rural carriers bundle video with high-speed Internet access services, penetration rates increase, making it more economically viable to deploy broadband.”</p>
<p><b><u>OTHER</u></b></p>	
<p><b>Sen. Ted Stevens (R-AK)</b>  <b>Rep. Joe Barton (R-TX)</b>  <b>Rep. Mike Doyle (D-PA)</b>  <b>Rep. Gene Green (D-TX)</b>  <b>Rep. Fred Upton (R-MI)</b></p> <p>Letter to Hon. Kevin J. Martin at 1, 2 (Nov. 27, 2006).</p>	<p>“There must be a more effective way to ensure the availability of separable security for subscribers who wish to use third-party devices than foisting CableCARDS on all subscribers. . . . Forcing a costly deployment of an outdated technology while another that offers more to consumers is just over the horizon is not good public policy.”</p>
<p><b>Wall Street Journal</b></p> <p>Editorial, Tied Up in Cable, Nov. 25, 2006</p>	<p>“unless the FCC takes action on a number of waivers requested by the cable companies, the industry faces a \$600 million annual bill to comply with a regulation with no real purpose. . . . The Commission . . . could do the economy a favor by . . . getting on with the deregulation the telecom industry needs.”</p>

<p><b>Randolph J. May, Free State Foundation</b></p> <p><i>Heading off a Potential FCC Debacle</i>, CNet News (September 21, 2006)</p>	<p>“With the changed landscape, this is a case crying out for regulatory relief. Downloadable security should be deliverable within the next few years, but not by July 2007. Implementing the integration ban in the meantime would be very costly to consumers with no real benefits. ... With a firm digital-TV transition date, it is counterproductive to deter consumers from switching by raising their price. Congress has authorized a fund to subsidize the purchase of non-multichannel video program converter boxes in anticipation of the analog-broadcasting cut-off. But much less funding will be needed if more consumers already have the capability to receive digital transmissions using digital set-tops supplied by multichannel video program distributors. Moreover, requiring cable companies and Verizon to implement physical separation in the coming months would divert technical resources away from the task of implementing a downloadable security solution as quickly as possible.”</p>
<p><b>Thomas Lenard, Progress and Freedom Foundation</b></p> <p><i>Time to Rethink Set-top Box Regulation</i>, (September 28, 2006)</p>	<p>The ban ... is entirely unsuited to the increasingly competitive converged world of video communications services. If it goes into effect, it will inhibit innovation in a variety of ways and impose significant costs on consumers. ... It would divert resources from the rollout of advanced broadband, video and voice services, which are really what consumers want. It would increase the cost of the digital-TV transition by slowing the migration to pay-TV services. And it would bias competition if some providers--such as cable--are subject to the integration ban, while others – such as direct broadcast satellite – are not. The communications world has changed a lot since 1996. One way the FCC can recognize this is to rescind the non-integration requirement.”</p>