

BEFORE THE

Federal Communications Commission
WASHINGTON, D.C.

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12/15/07

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

REPLY COMMENTS OF THOMSON

Thomson hereby submits these reply comments in support of Comcast's Application for Review filed in the above-captioned proceedings.¹ Thomson respectfully urges the Commission to grant Comcast's Application for Review and approve Comcast's request for waiver of the integration ban for certain low-cost, limited-capability set-top boxes.

As Thomson has previously stated, grant of Comcast's waiver request would have significant public interest benefits for consumers, cable operators, and CE companies.² The low-cost set-top boxes covered by the waiver request are essential to Comcast's and other operators' transition to all-digital platforms. These boxes provide a cost-effective way for millions of consumers to access digital services for the first time. The more consumers who opt to use these boxes, the more quickly Comcast and other operators can advance their digital transition efforts and reclaim analog spectrum for more HD programming, faster Internet transmission speeds, and other services consumers want. As Thomson pointed out in its initial comments, this transition

¹ See *In the Matter of Comcast Corporation's Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Application for Review, CS Dkt. No. 97-80, CSR-7012-Z (Jan. 30, 2007) ("Application for Review").

² See Thomson Comments, filed in CSR-7012-Z, CS Dkt. No. 97-80 (June 14, 2006).

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process will *benefit* CE companies since the rollout of more HD programming will spur more consumer interest in buying HDTVs and other digital products at retail.³

In contrast, denial of the Comcast waiver will have significant public interest harms. As previously noted, a CableCARD requirement will substantially increase the cost of the low-cost set-top box.⁴ These higher equipment costs will dampen consumer interest in subscribing to digital services and slow Comcast's and other operators' transition to all-digital networks.⁵ Any delay in cable's transition to digital would harm CE companies as well since it would delay the reclamation of analog spectrum and retard the rollout of HD programming, thereby depressing sales of HDTVs at retail.

Thomson is a firm supporter of the OpenCable process and a level playing field for consumer electronics companies.⁶ However, it does *not* believe that a waiver for low-cost, limited-capability boxes would impair the retail marketplace for navigation devices. First, Thomson is not aware that there is or ever has been a retail marketplace for these low-cost digital set-top boxes; the clear focus of CE companies is on the higher-end HD products consumers

³ See Thomson Comments at 1; *see also* Panasonic Comments, filed in CSR-7012-Z, at 2-4 (Feb. 14, 2007). Curiously, although the Media Bureau order denying the waiver request says "the CE industry argue[s] that grant of the waiver will unfairly advantage cable providers in the set-top box market and run afoul of the purpose of Section 629," and although it cites statements of CEA, Sony, Sharp, and Pioneer, it fails to discuss the support for Comcast's waiver request that was expressed by Thomson, Panasonic, Samsung, Motorola, Cisco, and Pace. *See In the Matter of Comcast Corporation's Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Mem. Opin. & Order, DA 07-49, ¶¶ 9-10 (rel. Jan. 10, 2007).

⁴ See Thomson Comments at 1 ("The cost of low-end STBs has declined dramatically over the last 3 years. It is now economically feasible to accelerate the transition to digital services. However, the cost of the current implementation of separable security has not followed the same trend and now represents a very large percentage of the cost of the low-cost STBs.").

⁵ See Application for Review at 21.

⁶ See Thomson Comments at 1.

value and want. Second, Comcast has said that, even with a waiver for low-cost boxes, it expects to deploy millions of CableCARD-enabled higher-end boxes once the integration ban goes into effect.⁷ Deployment of these boxes will assure that the Commission's objective of "common reliance" is achieved.

A few years ago, when it created DOCSIS, the cable industry successfully implemented a standardization process in the area of high speed data that was similar to what OpenCable is today. We are concerned that the extra burden created by CableCARDs will divert Comcast and other cable operators resources from OpenCable, thereby delaying the introduction of new, open set-top-boxes. This would reduce competition, limit innovation, and harm consumers as well as CE companies.

For the foregoing reasons, and those set forth in the Application for Review and Thomson's earlier comments, Thomson respectfully asks that the Commission grant Comcast's Application for Review and approve its request for waiver of the integration ban for certain low-cost, limited-capability set-top boxes.

Respectfully submitted,

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February 26, 2007

⁷ See Application for Review at 17-18; Comcast Reply, filed in CSR-7012-Z, at 14-15 n.56 (June 30, 2006).

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