

BEFORE THE  
Federal Communications Commission  
WASHINGTON, D.C.

In the Matter of	)	
	)	CS Docket No. 97-80
Liberty Cablevision of Puerto Rico, Ltd.	)	CSR-7124-Z
Requests for Waiver of	)	
47 C.F.R. § 76.1204(a)(1)	)	

**COMMENTS OF MOTOROLA, INC.**

Steve B. Sharkey  
Director, Spectrum and Standards Strategy  
Jason E. Friedrich  
Assistant Director, Telecommunications  
Regulation  
1455 Pennsylvania Avenue, NW  
Suite 900  
Washington, DC 20004  
TEL: 202.371.6953

March 19, 2007

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Motorola, Inc. (“Motorola”) hereby submits these comments in response to the Media Bureau’s Public Notice in the above-captioned proceeding.<sup>1</sup> Liberty Cablevision of Puerto Rico, Ltd. (“Liberty Cablevision”) has filed a request for waiver of the Commission’s integration ban rule for Motorola’s DCT-700 set-top box (“Waiver Request”).<sup>2</sup> Motorola strongly supports this Waiver Request and urges the Commission to give prompt approval to the request for the reasons set forth below and those identified in the Waiver Request.

The DCT-700 is the lowest-cost, most limited-capability device built by Motorola for U.S. cable operators,<sup>3</sup> and has been very popular with cable operators and their customers -- with

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<sup>1</sup> See *In the Matter of Liberty Cablevision of Puerto Rico’s Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Public Notice, CSR-7124-Z, CS Dkt. No. 97-80, DA 07-872 (*rel.* Feb. 27, 2007).

<sup>2</sup> See *In the Matter of Liberty Cablevision of Puerto Rico’s Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Request for Waiver, CSR-7124-Z, CS Dkt. No. 97-80 (Feb. 14, 2007).

<sup>3</sup> The DCT-700 includes a single digital tuner, an RF output and a composite video output, and right and left audio channel outputs, and enables customer access to digitally-delivered programming and services, including, among other things, an electronic program guide (“EPG”), pay-per-view (“PPV”) services, and video-on-demand (“VOD”). The DCT-700 does *not* support high-definition (“HD”) programming, digital video recording (“DVR”), Internet access, or other advanced capabilities. The Commission expressly invited waiver requests for low-cost, (footnote continued...)

over six million shipped in North America. The DCT-700 provides a cost-effective way for millions of cable customers with analog TV sets to access digital programming and services and for cable operators to facilitate their migration to all-digital networks.<sup>4</sup> This transition will, in turn, permit cable operators to recapture analog spectrum for more HD channels, faster Internet access, and other video and non-video services<sup>5</sup> and enable cable operators to compete more effectively against DBS and other all-digital platforms.<sup>6</sup> *Indeed, Liberty Cablevision has already completed its transition to digital and credits the DCT-700 with that accomplishment.*<sup>7</sup>

It also bears emphasis that the continued availability of the DCT-700 will aid the broadcasters' digital transition in Puerto Rico. As Liberty Cablevision points out, many

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(...footnote continued)

limited-capability set-top boxes in its 2005 Order. *See In the Matter of Implementation of Section 304 of the Telecommunications Act of 1996: Commercial Availability of Navigation Devices*, Second Report & Order, 20 FCC Rcd. 6794 ¶ 37 (2005) (“2005 Integration Ban Order”). In fact, the Commission’s guidance in its *2005 Integration Ban Order* regarding the capabilities of low-cost set-top boxes had a significant influence on the design of the DCT-700. *See id.* (“We do not believe waiver will be warranted for devices that contain personal video recording (‘PVR’), high-definition, broadband Internet access, multiple tuner, or other similar advanced capabilities.”).

<sup>4</sup> In comments that the Consumer Electronics Association (“CEA”) filed recently in the RCN and San Bruno waiver proceedings, CEA dismisses the benefits that low-cost set-top boxes will have to the digital transition efforts of cable operators. CEA argues that “cable operators of any size should not be entitled to waiver . . . merely on a claim that such a waiver will help to accelerate the operator’s ongoing transition to digital service.” *See, e.g.*, CEA Comments, filed in CSR-7113-Z, at 4 (Mar. 5, 2007); CEA Comments, filed in CSR-7116-Z, at 3 (Mar. 5, 2007). CEA’s position would impede the digital transition by eliminating a low-cost alternative for consumers with analog TVs and limiting customer equipment options for realizing the benefits of digital service to leasing more expensive set-top boxes or replacing their analog televisions with high-end digital televisions. Indeed, CEA’s suggestion to avoid efforts that the Commission has previously acknowledged could help to *accelerate* the digital transition (*see infra* note 7) is squarely at odds with fundamental Commission and Congressional policy.

<sup>5</sup> *See* Waiver Request at 3.

<sup>6</sup> *See id.* at 5.

<sup>7</sup> *See* Waiver Request at 3. The Media Bureau acknowledged the importance of the DCT-700 to cable’s digital transition efforts in its BendBroadband waiver order. *See In the Matter of BendBroadband’s Request for Waiver of Section 76.1204(a)(1) of the Commission’s Rules*, Mem. Opin. & Order, 22 FCC Rcd. 209 ¶ 24 (2007) (recognizing that conditional grant of a waiver for the DCT-700 would “facilitate BendBroadband’s rapid transition to an all-digital network (*i.e.*, by 2008)”; *see also* *2005 Integration Ban Order* ¶ 37 (“The availability of low-cost boxes will further the cable industry’s migration to all-digital networks . . .”).

households in Puerto Rico rely on over-the-air broadcasting for their video service.<sup>8</sup> With the waiver, Liberty Cablevision can offer these households a low-cost way to access digital broadcast signals using their analog TV sets. The low-cost box option will also help to curtail demand for the converter subsidies established by Congress<sup>9</sup> and now being implemented by the National Telecommunications and Information Administration.<sup>10</sup>

Liberty Cablevision explained that it needs continued access to the DCT-700 after the integration ban in order to continue to attract new customers to its service as well as serve existing customers who need additional or replacement set-top boxes.<sup>11</sup> The simple fact is that failure to grant the Waiver Request will eliminate this “fundamental building block of a small cable operator’s all-digital strategy.”<sup>12</sup> As Motorola noted previously in this docket, accommodating the CableCARD requires an entirely different set-top box, with a larger chassis, greater power supply, and a redesign of the motherboard, among other things.<sup>13</sup> These modifications plus the CableCARD add significantly to the overall cost of the set-top box. Consequently, and in recognition of the lack of marketplace demand for higher cost boxes with only limited features, the current lowest-cost CableCARD-enabled set-top box that Motorola is

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<sup>8</sup> See Waiver Request at 6.

<sup>9</sup> See 2005 Budget Act § 3005, 120 Stat. 4, 23-24 (2006).

<sup>10</sup> See [http://www.ntia.doc.gov/ntiahome/press/2007/DTVfinalrule\\_031207.htm](http://www.ntia.doc.gov/ntiahome/press/2007/DTVfinalrule_031207.htm) (announcing final rules for implementing converter subsidy program).

<sup>11</sup> See Waiver Request at 1-2.

<sup>12</sup> *Id.* at 3.

<sup>13</sup> See, e.g., Motorola Comments, filed in CSR-7109-Z *et al.*, CS Dkt. No. 97-80, at 4 (Mar. 5, 2007); Motorola Comments, filed in CSR-7012-Z, CS Dkt. No. 97-80, at 3 (Feb. 14, 2007); Motorola Comments, filed in CSR-7012-Z, CS Dkt. No. 97-80, at 4 (June 15, 2006).

manufacturing -- the DCH-100 -- will cost substantially more than the DCT-700, even in higher volumes. Motorola is not alone in describing this marketplace reality, as Pace and Cisco have also filed comments in this docket about the prohibitive costs and impracticability of incorporating CableCARD technology into low-cost set-top boxes.<sup>14</sup>

Liberty Cablevision emphasized that the deployment of a costlier set-top box will hamper its ability to market its service to new customers and to compete effectively against DBS providers (which are not subject to the integration ban and already have more subscribers than Liberty Cablevision in three of its seven franchise areas in Puerto Rico).<sup>15</sup> The availability of the low-cost box option is particularly important given the price sensitivity of consumers in rural Puerto Rico.<sup>16</sup>

Finally, the limited two-way capability of the DCT-700 is driven by consumer demand. Indeed, all of the digital set-top boxes that Motorola has manufactured for U.S. cable operators -- from the low-cost DCT-700 to the higher-end DCT-6412 with HD and DVR capabilities -- have been two-way. A chief selling point of digital set-top box technology to American consumers has been its interactive capabilities. Cable customers have made plain that they want at the very

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<sup>14</sup> See, e.g., Pace Comments, filed in CSR-7012-Z, CS Dkt. No. 97-80, at 3 (Feb. 14, 2007); Cisco Comments, filed in CSR-7012-Z, CS Dkt. No. 97-80, at 2 (Feb. 14, 2007). In its comments in the RCN and San Bruno waiver proceedings, CEA ignored these marketplace facts. See CEA Comments, filed in CSR-7113-Z (Mar. 5, 2007); CEA Comments, filed in CSR-7116-Z (Mar. 5, 2007). CEA's claim that Motorola "unilaterally refuses" to offer a CableCARD-enabled version of the DCT-700 is undermined by the fact that *all* set-top box manufacturers that have invested the enormous time, money, and effort to build these devices have *unanimously* demonstrated the higher costs caused by the CableCARD. Furthermore, nothing is preventing other CEA members from competing with Motorola, Cisco, and Pace to design such boxes for cable operators.

<sup>15</sup> See Waiver Request at 4-5. Certain proponents of the integration ban appear to have no reservation foisting these additional, unnecessary costs on cable operators and their customers. For example, in its recent filing in the San Bruno waiver proceeding, CEA argued that San Bruno should be barred from giving away low-cost boxes to customers for free to speed its digital transition. See CEA Comments, filed in CSR-7116-Z, at 2 (Mar. 5, 2007).

<sup>16</sup> See Waiver Request at 5.

least an EPG, PPV, and VOD in their set-top equipment, and the DCT-700 has provided a cost-effective way to meet that demand. In contrast, there is simply no marketplace interest for a *one-way* digital set-top box -- among consumers, operators, or retailers.<sup>17</sup> Accordingly, the limited two-way capability of the DCT-700 is fully consistent not only with the Commission's waiver standard for limited capability set-top boxes, but also with marketplace realities and consumer demands.

For the foregoing reasons, and those set forth in the Waiver Request, Motorola respectfully asks that the Commission approve Liberty Cablevision's request for waiver of the integration ban for the DCT-700.

Respectfully submitted,

/s/ Steve B. Sharkey

Steve B. Sharkey

Director, Spectrum and Standards Strategy

Jason E. Friedrich

Assistant Director, Telecommunications

Regulation

1455 Pennsylvania Avenue, NW

Suite 900

Washington, DC 20004

TEL: 202.371.6953

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<sup>17</sup> See Motorola Comments, filed in CSR-7109-Z *et al.*, CS Dkt. No. 97-80, at 6 (Mar. 5, 2007); Motorola Comments, filed in CSR-7012-Z, CS Dkt. No. 97-80, at 4 (Feb. 14, 2007); *see also* Pace Comments, filed in CSR-7012-Z, CS Dkt. No. 97-80, at 3 (Feb. 14, 2007) (noting absence of marketplace interest in Pace's one-way Digital Cable Adapter). In fact, despite its highly self-serving opposition to virtually any waiver of the integration ban, even CEA has never claimed that its own members have any interest in building such one-way digital set-top boxes.

**CERTIFICATE OF SERVICE**

I, Steve B. Sharkey, hereby certify that, on March 19, 2007, copies of the attached Comments of Motorola, Inc. were served via regular mail, on the following:

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Mr. Brendan Murray  
Federal Communications Commission  
Media Bureau  
Room 4-A802  
445 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Mr. John Conrad  
Liberty Cablevision of Puerto Rico, Ltd.  
Road 992, km 0.2  
P.O. Box 719  
Luquillo, PR 00773

/s/ Steve B. Sharkey  
Steve B. Sharkey