Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of:	
Implementation of Section 304 of the Telecommunications Act of 1996	CS Docket No. 97-80
Commercial Availability of Navigation Devices	
Compatibility Between Cable Systems and Consumer Electronics Equipment	PP Docket No. 00-67

COMMENTS OF DIRECTV, INC.

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SUMMARY

For more than a decade, the cable and consumer electronics industries have struggled to create "commercially available" cable navigation devices. And for the last four years, NCTA and CEA have fought over the specifications for so-called "two-way plug-and play" cable navigation devices. At this point, the two sides have proposed what appear to be fundamentally different approaches to resolving the issue. Concerned that the lack of two-way plug-and-play devices may deter consumers from purchasing digital televisions and thereby inhibit the digital transition, the Commission thus asks whether it should adopt all or part of either side's most recent proposal for cable navigation devices.

DIRECTV takes no position on this issue, as satellite operators have not been a part of the plug-and-play discussions. In 1998, the Commission found that satellite set-top boxes were already commercially available, and thus exempt from the requirements for cable navigation devices. (There is no reason to revisit that determination, as the underlying facts remain true today.) Because these requirements were inapplicable, satellite operators have had no part in the development of the cable-centric standards proposed by NCTA and CEA, and have no particular insights to offer about their relative merits for use with cable systems. DIRECTV would not presume to dictate technology terms to its competitors.

Nonetheless, the Commission asks whether any rules adopted for cable navigation devices should apply to navigation devices used by other MVPDs, including satellite – or whether technical limitations instead preclude non-cable MVPD compliance with such rules. The Commission also asks about the feasibility of chimerical "MVPD devices" postulated by NCTA that would presumably work across multiple MVPD platforms.

Unfortunately, as the Commission has surmised, it is not possible to simply graft cable technology proposals onto the fundamentally different architecture of satellite systems. Both CEA's and NCTA's proposals are designed for use with closed, *two-way* networks, while satellite systems achieve interactivity using a primarily "one-way" network coupled with return paths supplied by customers themselves (telephone lines, cable modems, satellite broadband, *etc*.). This approach is deeply embedded in practically every aspect of satellite video service, and would have to be radically redesigned or abandoned altogether in order to comply with the system architecture envisioned by cable – if it could be implemented at all.

In addition, both proposals are based on the OpenCable Applications Platform ("OCAP"), a platform that is specific to cable set-top box technology. Apart from the casing, the input connectors, and the output connectors, cable and satellite set-top boxes have very little in common. No DIRECTV set top box can receive signals delivered pursuant to OCAP today. CEA's and NCTA's proposals, therefore, would require DIRECTV to both completely reengineer its system *and* replace tens of millions of set-top boxes before it otherwise would. (As for NCTA's reference to "MVPD devices," DIRECTV is unaware that any such devices exist, and thus has no idea how they might work.)

Because of these differences, any attempt to apply the two-way plug-and-play rules for cable navigation devices to satellite systems would require all affected parties to start from scratch. Given the protracted period that the cable and consumer electronics industries have needed to come even as far as the current impasse, there is no reason to think that negotiations for plug-and-play devices interoperable with satellite systems

would be any less difficult or take any less time. Indeed, negotiations involving cable, satellite, *and* telcos for a cross-platform "MVPD device" would likely take much longer still – even if one assumes (unrealistically) that competing platforms will not act strategically in such negotiations. Not even under the most optimistic scenario would anyone expect to deliver such devices to market before the 2009 digital transition.

In the end, the Commission would be better served by focusing on bringing the long-running two-way plug-and-play negotiations for cable navigation devices to a timely close than by initiating an unnecessary, more expansive process involving other MVPDs that cannot possibly meet the desired timetable.

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The negotiations between the cable and consumer electronics industries regarding two-way, plug-and-play navigation devices have not yielded fruit. In contrast to 2003, when the two industries submitted (and the Commission adopted) a joint proposal with respect to one-way plug-and-play devices,[1] the Consumer Electronics Association ("CEA") and the National Cable and Telecommunications Association ("NCTA") have each submitted separate proposals for two-way devices.[2] In this proceeding, the Commission is considering whether to adopt rules based on either of those competing proposals.[3] This, the Commission hopes, will allow the introduction of two-way plug-

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1 *Implementation of Section 304 of the Telecommunications Act of 1996; Commercial Availability of Navigation Devices; Compatibility Between Cable Systems and Consumer Electronics Equipment*, 18 FCC Rcd. 20885 (2003).

2 *Implementation of Section 304 of the Telecommunications Act of 1996; Commercial Availability of Navigation Devices; Compatibility Between Cable Systems and Consumer Electronics Equipment*, Third Further Notice of Proposed Rulemaking, FCC No. 07-120, ¶¶ 8, 10 (rel. June 29, 2007) ("*Notice*").

3 *Notice*, ¶ 5 (expressing frustration at the lack of progress of plug-and-play talks).

and-play devices interoperable among all cable operators as early as next year's holiday season, and thereby remove a potential impediment to the digital television transition. DIRECTV, Inc. ("DIRECTV") takes no position on the relative merits of these proposals for the operation of cable systems, and would not presume to dictate the technology to be deployed by its competitors.

However, the Commission is also considering whether to apply such rules to other multichannel video programming distributors ("MVPDs") that are not the subject of these proposals and who were barred from the discussions that produced them. DIRECTV strongly urges the Commission *not* to extend cable plug-and-play rules to satellite MVPDs. Specifications and rules developed for two-way cable systems simply cannot be grafted onto satellite systems. And there is no need to apply such intrusive regulation to satellite operators, who have from the beginning made their set-top boxes commercially available.

If the Commission truly wished to include the satellite industry in the plug-and-play regime, the negotiations necessary to develop appropriate standards would take years, just as they have for cable. The Commission thus could not complete the standardization process before the February 2009 digital television transition. But DIRECTV's all-digital services – including the launch of an industry-leading slate of high definition ("HD") programming later this year – already promote that transition. The Commission should not initiate an unnecessary and burdensome process that hasn't the slightest chance of meeting the desired timetable.

I. THE COMMISSION CANNOT SIMPLY GRAFT A CABLE-CENTRIC PLUG-AND-PLAY REGIME ONTO SATELLITE SYSTEMS.

A. Because Satellite Devices are Already Nationally Portable and Commercially Available, the Cable and Consumer Electronics Industries Have Negotiated Plug-And-Play Issues For Years Without Satellite Input.

More than a decade ago, Congress directed the Commission to assure the commercial availability of "navigation devices" (set-top boxes and the like).[4] Shortly thereafter, the Commission determined that, unlike cable set-top boxes, satellite set-top boxes were *already* commercially available and portable throughout the United States.[5] The Commission thus exempted satellite operators from regulations that both (1) require cable operators to make available a security element separate from the basic navigation device, and (2) prohibit cable operators from providing equipment with combined security and non-security functions.[6]

There is no reason to revisit that determination, as the underlying facts remain true today. DIRECTV's set-top boxes can still be used anywhere in the country.[7] They

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4 47 U.S.C. § 549(a).

5 *Implementation of Section 304 of the Telecommunications Act of 1996; Commercial Availability of Navigation Devices*, 13 FCC Rcd. 14775, ¶¶ 64-66 (1998) ("*First Report and Order*") ("We believe . . . that differences in the marketplace for DBS equipment, where devices are available at retail and offer consumers a choice, as compared to equipment for other MVPD services, particularly cable operators, provide justification for not applying the rule requiring separation of security functions to DBS service."), *aff'd on recon.*, 14 FCC Rcd. 7596, ¶ 37 (1999) ("We believe that legitimate distinctions exist between DBS equipment and that used in connection with other MVPDs and decline to depart from our approach in the *Navigation Devices Order*. We reiterate our view that because DBS devices are widely available to consumers at retail from multiple vendors, as compared to equipment for other MVPD services, particularly cable operators, there is justification for not applying the rule requiring separation of security functions to DBS services.").

6 *First Report and Order*, ¶¶ 64-66; *see also* 47 C.F.R. § 76.1204(a)(1).

7 *First Report and Order*, ¶ 61 ("In DBS service, due to the means of signal delivery, a particular provider's equipment is already portable as to that provider across the continental United States because DBS operators offer services nationally.").

are still produced by multiple vendors.[8] They are still available at retail establishments.[9] They are still inexpensive – in fact, many subscribers can receive them for free.[10] In addition, because DIRECTV still competes against incumbent cable operators – who now offer bundled voice and data services – DIRECTV has every incentive to continue to produce innovative and inexpensive set-top boxes.[11]

For this reason, satellite operators have been bystanders to the "plug-and-play" negotiations between the cable and consumer electronics industries. Indeed, DIRECTV was excluded from these meetings because, it was told, the negotiations concerned *cable-specific* standards that simply did not apply to satellite.[12] It is understandable that the cable industry would not want to share its competitively sensitive specifications with its competitors. And it is also logical that, when the Commission adopted plug-and-play rules for one-way navigation devices as proposed jointly by NCTA and CEA, it did not apply those rules to other MVPDs that had not been part of the development process.

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8 *Id.*, ¶ 64 ("In the DBS environment, there are three service providers and at least ten equipment manufacturers competing to provide programming and equipment to consumers.").

9 *Id.* (noting that DBS "equipment is available at retail stores").

10 *Id.* (noting that DBS satellite operators offered "lower equipment prices, enhanced options and features"). DIRECTV offers a number of packages that include free equipment. *See* http://www.directv.com/DTVAPP/global/contentPageNR.jsp?assetId=3180001.

11 *First Report and Order*, ¶ 65 (finding that DBS operators, as relatively new entrants in the MVPD market, possessed "substantial incentive to pursue additional market share through additional services and improved equipment").

12 *See*, *e.g.*, Comments of DIRECTV, Inc. at 3 (filed Mar. 28, 2003) (noting that the Plug-and-Play Memorandum of Understanding "did not and does not reflect the input of certain key MVPD constituencies, such as DBS operators or content providers, in either its negotiation or its drafting"); Letter from Eddy Hartenstein and Charles W. Ergen to Michael K. Powell (filed Sept. 3, 2003) (arguing that "[t]he DBS industry has been frozen out of the [one-way] plug-and-play rulemaking process" and that DIRECTV and EchoStar "were not permitted to participate in the inter-industry negotiations held at your request"). DIRECTV participated in some preliminary two-way plug and play discussions regarding content protection in 2004. And since then, DIRECTV has participated in a handful of what might be described as "organizational" meetings. DIRECTV has, however, been expressly excluded from more substantive meetings – including all subgroup meetings in which the critical technical details were discussed.

Nonetheless, the Commission now asks whether the two-way proposals negotiated by and designed for cable operators should be extended to other MVPDs.

B. None of the Proposals in the *Notice* Can Be Applied to Satellite.

Both the NCTA and CEA proposals concern cable specifications – the very reason DIRECTV was excluded from the plug-and-play negotiations in the first place. Accordingly, they have not been formulated with the operational characteristics and requirements of satellite systems in mind. Not surprisingly, given the significant differences between cable and satellite systems, the cable-centric proposals in this proceeding could not simply be applied to satellite systems. (As for the reference to "explorations" regarding a device that would work across multiple MVPD platforms, DIRECTV has not been privy to them.[13])

1. "Two-way" Cable Proposals Cannot Work for Satellite Systems.

To begin with, there is an obvious conceptual problem with the very idea of applying two-way plug-and-play rules to satellite: satellite MVPD systems are not "two-way" as that term is implemented by cable operators. Two-way cable systems depend on intensive use of a proprietary cable return path in order to provide interactivity and similar services. Satellite systems, by contrast, do not rely on the presence of an active return path. DIRECTV's set-top boxes communicate with DIRECTV only very infrequently, using a return path supplied by the customer. (DIRECTV has traditionally relied upon the customer's telephone line for these purposes. Some newer DIRECTV devices can also use the customer's broadband connection.) Cable devices, by contrast,

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[13] *Notice*, ¶ 13 ("For example, NCTA notes that there has been exploration of an enhanced security device for all MVPDs that would permit a retail device to interoperate with all MVPD networks, whether traditional cable, satellite or telephone."), *citing* Letter from Neal M. Goldberg to Marlene Dortch at 11 (June 5, 2007) ("NCTA June 5 *Ex Parte*").

are in constant contact with the operator's headend using only the operator's own facilities.

DIRECTV is able to accomplish many of the same "two-way" functions as cable by using a fundamentally different approach compatible with its network architecture. For example, while cable systems offer a fairly static electronic program guide that reacts to customer input, DIRECTV continuously transmits information to its electronic program guide from its satellites, so that the guide is up to date at all times. Similarly, while cable systems require their subscribers to "pull" video-on-demand ("VOD") programming from a central server, DIRECTV employs a "carousel" approach in which VOD programming is transmitted at regular intervals from its satellites. DIRECTV is also increasingly using the digital video recorders ("DVRs") built into its set-top boxes as a ready cache for VOD programming downloaded in advance to each subscriber.

This type of approach is now deeply embedded throughout DIRECTV's network architecture. It is reflected in set-top box hardware and software; it is the basis of the conditional access system; it is critical to the program guide; and it even flows through the customer service and billing systems. All this could not simply be discarded in order to conform to the cable approach – even assuming that there were an appropriate return channel available (presumably through a government mandate) and that DIRECTV thought the cable approach were somehow preferable. Yet that is exactly what would be required if the rules for cable navigation devices were made applicable to satellite set-top boxes.

2. OCAP-Based Proposals Cannot Work for Satellite.

Even setting aside the incongruity of applying two-way standards to essentially one-way satellite systems, the two proposals primarily at issue in this proceeding cannot be applied to satellite systems because both are based on the OpenCable Applications Platform ("OCAP") specification. Nearly two years ago, NCTA submitted a proposal for all interactive cable navigation devices to meet OCAP.[14] Last November, CEA, along with twelve consumer electronics and information technology companies, submitted a proposal also largely based on OCAP.[15]

OCAP-based standards simply will not work for satellite navigation devices. Apart from the casing, the F input connectors, and the video and audio output connectors, practically every aspect of a DIRECTV navigation device differs from a cable navigation device. Among those differences are the following:

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[14] *See* Letter from Daniel L. Brenner to Marlene H. Dortch at 9 (Nov. 30, 2005) ("NCTA Proposal"). More specifically, NCTA asks the Commission to require such devices to meet the hardware specifications associated with OCAP, known as Host 2.0. Among other properties, Host 2.0 includes selectable output control functionality, and NCTA's proposal in this regard would "take account of the offerings of competitive platforms that have no such restrictions for delivery of content to the same potential consumers." *Id.* at 14. Intellectual property licenses for such devices would be governed by OCAP, with licenses "published and available" from CableLabs. *Id.* at 15. NCTA proposes a regime under which testing would be "initially performed" at CableLabs, although the "cable industry is open to the possibility of a qualified third party testing facility." *Id.* at 14. NCTA also suggests that "cooperative technical discussions" between the cable and consumer electronics industries "will feed back into the CableLabs ECR process, which will lead to revised specifications." *Id.* at 13. Such specifications, presumably, would also become part of FCC rules.

[15] Letter from Brian Markwalter to Kevin J. Martin, *attaching* Letter from Brian Markwalter to Marlene H. Dortch (filed Nov. 7, 2006) ("CEA Proposal"). Under the relevant part of that proposal, the Commission would modify the existing OCAP specification in certain respects, and would either approve successor OCAP standards (rather than allowing CableLabs to simply promulgate them) or allow consumer electronics companies and information technology companies to participate more fully in the OCAP development process. *Id.* at 8. The plan also contemplates that the Commission would approve all output technologies that the Digital Lifestyle Network Alliance ("DLNA") approves (including DTCP/IP and WMDRM). *Id.* at 8-9.

	DIRECTV Navigation Devices	Cable Navigation Devices
Input Source	DIRECTV devices receive input from Ka-band and Ku-band satellites transmitting from space. DIRECTV uses proprietary channel and bandwidth assignments.	Cable devices receive analog and digital cable transmissions delivered via wireline. Cable uses standard 6 MHz analog channel assignments.
Physical Layer	DIRECTV uses QPSK with RS-FEC and DVB S-2 with LDPC FEC.	Cable uses a family of QAM modulation from 16-QAM to 256-QAM.
Transport	DIRECTV uses 130 byte pre-MPEG-2 transport for "traditional" services and 188 byte MPEG-2 transport for certain high definition services.	Cable uses 188 byte MPEG-2 transport.
Encryption Hardware and Software	DIRECTV employs a hybrid system, including (1) ISO-7816 smart card, which carries the rules, keys, and other information including usage data; and (2) a verifier in the device's hardware/software.	Cable employs an NRSS-B (PCMCIA) module known today as a "CableCARD." The CableCARD receives the encrypted transport bit stream and decrypts, sets the rules, reencrypts, and sends to the set-top box. Older cable devices use integrated encryption hardware and software. Some devices support a smart card as well.
Middleware	DIRECTV uses proprietary, light-footprint middleware that requires relatively little processing power.	OCAP contemplates very large-footprint middleware using SUN's Java Virtual Machine and the DVB GEM core that can require more processing power.

Video Compression and Decoding	DIRECTV devices compress and decode video in a variant of MPEG-2 for traditional services. (This variant requires a specialized picture layer software.) Newer services are compressed and decoded using MPEG-4AVC.	Cable devices generally compress and decode video using MPEG-2.
Audio Compression and Decoding	DIRECTV compresses audio using MPEG-1 Layer 2 for traditional service, AAC for new HD services, and Dolby Digital for HD local service.	Cable set top boxes generally compress audio using MPEG-1 Layer 2 and Dolby Digital.
Return Channel	DIRECTV employs an open loop network with a minimal return channel provided by others (*e.g.*, telephone line).	Cable employs a closed, two-way network that is a basic feature of cable system architecture.

As should be clear from this table, the two systems differ in many important and fundamental respects that cannot easily be harmonized. To begin with, none of the tens of millions of DIRECTV set-top boxes deployed today would be able to receive transmissions made pursuant to OCAP standards. And were DIRECTV to seek to make new set-top boxes compatible with OCAP, it would have to rewrite its software completely. This is no trifling matter – the development of software for DIRECTV's newest set-top box took two years and tens of millions of dollars, even though it was building only upon the familiar and well-understood DIRECTV platform. DIRECTV would have to redesign set-top box hardware as well. For example, OCAP requires substantially more processing power and can require more memory than is currently used in DIRECTV's set-top boxes. DIRECTV might even have to change the way its uplink

centers process and package programming for transmission in order to make it compatible with the new set-top box parameters.[16]

Much of the impetus for this proceeding involves the Commission's desire to promote the digital transition, a goal already well served by DIRECTV's all-digital service.[17] But DIRECTV cannot imagine a greater impediment to the digital transition than a misapplication of the rules proposed by CEA and NCTA to satellite MVPDs. If DIRECTV is forced to re-engineer and replace its set-top boxes to accommodate alien technological approaches, the resulting consumer confusion and disruption will surely make consumers *less* likely to upgrade to digital televisions. Far from promoting the digital transition, such an approach would set it back significantly.

3. DIRECTV Is Unfamiliar With the Cross-Platform "MVPD Devices" Mentioned by NCTA.

At the very end of the *Notice*, the Commission cites NCTA's recent reference to "an enhanced security device for all MVPDs that would permit a retail device to interoperate with all MVPD networks, whether traditional cable, satellite or telephone."[18] The Commission seeks comments on this reference, "including whether such a device should be required to comply with specific attachment principles such as outputting the signal in conformance with certain open standards in order to permit home networking."[19]

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[16] Of course, OCAP itself would have to also be modified in order to accommodate characteristics unique to satellite, including modulation types, error correction schemes and transponder frequency assignments. We discuss this in more detail below in Part II.

[17] *Notice*, ¶ 7 (stating the Commission's concern that "the lack of two-way functionality on digital cable ready devices is deterring consumers from purchasing digital televisions, which are an essential part of an effective digital transition").

[18] *Notice*, ¶ 13.

[19] *Id.*

As far as DIRECTV is aware, no such device exists. If there are any discussions ongoing to develop such a device, DIRECTV has not been part of them. DIRECTV thus cannot comment on how such a device might work with DIRECTV's or any other MVPD's system.[20] Nor can it comment on what attachment principles[21] or standards might be appropriate for such devices.[22]

II. REPLICATING THE PLUG-AND-PLAY DEVELOPMENT PROCESS FOR SATELLITE WOULD TAKE YEARS, NOT MONTHS.

Technical specifications for cable plug-and-play devices will not work for satellite systems that have never been subject to the plug-and-play rules in the first place. Were the Commission to change course now and apply its plug-and-play regime to satellite MVPDs, all parties would have to start from scratch. The cable and consumer electronics industries have worked for nearly a decade only to reach impasse. DIRECTV sees no reason to imagine that satellite plug-and-play negotiations would fare any differently than have the decade-long cable negotiations.

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[20] NCTA claims that such a device would have "the requisite connectors to the television," and would be able to interpret remote commands via a "remote control associated with the retail device." NCTA June 5 *Ex Parte* at 4. In order for this to be true, DIRECTV assumes that a host device would need tuner/decoders for DVB S2, Dish Network advanced modulation, DVB satellite and DIRECTV QPSK as well as for cable QAM. Moreover, in order to work with any MVPD's system, the entire MVPD industry would need to accept common robustness requirements that would have to be met to protect each MVPD's embedded security requirements for the host device.

[21] These attachment principles presumably apply to the *output* signal of the set-top box, and therefore are not relevant to the ability of the set-top box to receive and decode the *input* signal from the network.

[22] Assuming such devices exist at all, the Commission should ensure that sufficient information about them is available – and sufficient opportunity to comment on such information is given – before it promulgates any rules. Any rules based on information currently in the record would raise significant Administrative Procedure Act questions. *See* 5 U.S.C. § 553(b)(3) (requiring an agency to provide published notice of its proposed rulemaking including "either the terms or substance of the proposed rule or a description of the subjects and issues involved"); *Aeronautical Radio, Inc. v. FCC*, 928 F.2d 428, 445-46 (D.C. Cir. 1991), *citing Small Refiner Lead Phase-Down Task Force v. EPA*, 705 F.2d 506, 549 (D.C. Cir. 1983) (each holding that the Administrative Procedure Act's notice requirements are satisfied only if a party, "*ex ante*, should have anticipated that such a requirement might be imposed").

To the contrary, there are good reasons to think that such negotiations would take even longer. For example, because satellite – unlike cable – does not have a series of licenses, agreements, standards, regulations, and the like upon which to build, satellite negotiations would have to establish this essential foundation.[23] In addition, to the extent these devices are intended to be interoperable among all MVPDs, such negotiations would presumably need to include not only DIRECTV, EchoStar, and CEA, but also NCTA, Verizon, AT&T, and every other industry player. It should be self-evident that three-, four-, and five-way negotiations would be more difficult than two-way negotiations between the cable and consumer electronics industries (which, after all, have failed despite years of effort).

Indeed, the reluctance to divulge sensitive business plans to competitors and the possibility of strategic behavior by the various MVPD platforms makes the prospects of successful multi-MVPD negotiations even more daunting. DIRECTV, for example, recently rolled out HD services (including HD local broadcast service) that are only made possible by the spectral efficiency of MPEG-4 compression. At the time, EchoStar was not yet using MPEG-4, and cable operators generally still do not use this technology. This surely would not have occurred had DIRECTV's set-top boxes been governed by the sort of intra-MVPD negotiations required under CEA's or NCTA's approaches. EchoStar and cable operators would have had every incentive to "slow roll" incorporation of MPEG-4 technology into a plug-and-play navigation device in order to prevent DIRECTV from capitalizing on a competitive advantage. By the same token, both DIRECTV and EchoStar now offer integrated DVRs to their subscribers as a method of

[23] CEA's proposal for cable, after all, seeks to build both on both the DFAST license (for low-cost devices) and upon OCAP. *See* CEA Proposal at 2-3. NCTA's proposal is entirely centered around OCAP. *See* NCTA Proposal at 2.

delivering VOD services that had been viewed as a cable stronghold. If cross-platform negotiations were required when DIRECTV and EchoStar first introduced integrated DVRs, cable would have had a strong incentive to delay implementation of the new technology in order to protect its competitive advantage. (Such incentives are not cable's alone. Since satellite MVPD systems do not have the facilities to offer Internet access services, they would have an incentive to delay innovations that might favor cable and telco competitors that do have such facilities.) The Commission need not assume that any party would act in bad faith in order to conclude that, in such circumstances, the prospects of swift and successful negotiation – much less the introduction of innovative services – are dim at best.

It is thus simply impossible for satellite plug-and-play devices – let alone cross-platform, all-MVPD devices – to be available "in time for the final holiday season before the February 17, 2009 over-the-air digital television transition."[24] DIRECTV well understands the Commission's interest in promoting the digital transition. But even were the Commission to mandate development starting today – indeed, even had the Commission mandated development some time ago – two-way satellite plug-and-play devices will not be available by next year. This should not worry the Commission, however, at least with respect to satellite.[25] With an industry-leading 150 national HD channels and scores of local HD channels on the way prior to the transition, DIRECTV subscribers have every incentive to purchase digital televisions today. Assuming the

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[24] *Notice*, ¶ 14.

[25] *Notice*, ¶ 7 (expressing concern that "the lack of two-way functionality on digital cable ready devices is deterring consumers from purchasing digital televisions, which are an essential part of an effective digital transition").

Commission does not impose regulations requiring DIRECTV to re-engineer its satellite system, DIRECTV intends to remain at the top of its class in this regard.

* * *

DIRECTV has no view on which of the competing proposals for cable navigation devices should be adopted for its competitors. It is quite sure, however, that none of those proposals can blithely be applied to satellite MVPD systems. Nothing would be so likely to disrupt the competitive market for innovative, inexpensive satellite navigation devices – or the digital transition among satellite subscribers – as such unwarranted Commission action in this docket. The Commission should not seek to extend any of the *Notice's* proposals to satellite MVPDs.

Respectfully Submitted,

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