



1200 EIGHTEENTH STREET, NW  
WASHINGTON, DC 20036

TEL 202.730.1300 FAX 202.730.1301  
WWW.HARRISWILTSHIRE.COM

ATTORNEYS AT LAW

January 30, 2008

**BY ELECTRONIC FILING**

Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Re: *Seamless, Integrated Local Channel Package*  
*MB Docket No. 07-18*

Dear Ms. Dortch:

In order to allay concerns raised by certain commenters in this proceeding, The DIRECTV Group, Inc. ("DIRECTV") hereby commits to implement the following strategy for providing a seamless, integrated local channel package in all 210 Designated Market Areas ("DMAs") nationwide.

DIRECTV has two methods for providing digital local channels to consumers. One method is via satellite, where DIRECTV backhauls broadcast signals from local markets, processes them for uplink to its satellites, and sends them via satellite to consumer set-top boxes ("STBs"). Currently DIRECTV uses this method to offer local service in 144 DMAs representing over 94% of TV households, and it expects to reach 150 DMAs in the next few months. The other method is by decoding digital terrestrial broadcast signals directly at the consumer's premises. From the consumer's perspective, once the signal reaches the STB, all other functions are the same.

To receive digital terrestrial signals and to offer a seamless integrated experience, DIRECTV has made provisions for its H2X and HR2X STBs to be able to receive the new digital broadcast format (ATSC). There are two designs – some older models have built-in ATSC tuners, while newer models will use an external accessory, called the "ATSC unit." The separate ATSC unit is designed to integrate fully with the DIRECTV STBs. Once connected (via a standard USB connector), the STB and ATSC unit act as one (*e.g.*, same remote control, single power cord, *etc.*). There is no need for a

**HARRIS, WILTSHIRE & GRANNIS LLP**

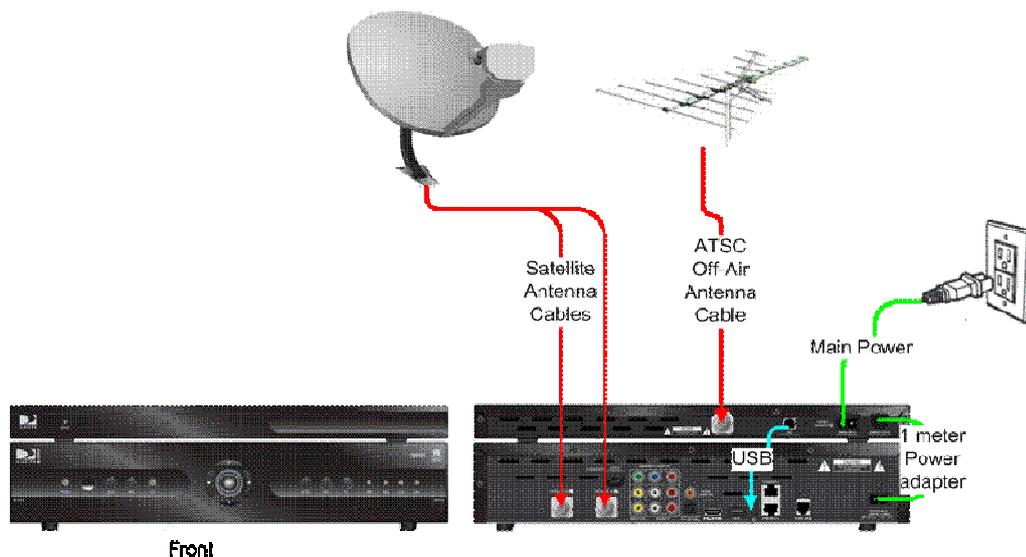
Marlene H. Dortch  
January 30, 2008  
Page 2 of 4

separate digital-to-analog converter box, as these DIRECTV STBs have analog outputs compatible with analog television sets.

Whether the ATSC tuner is built-in, or is separate from, the STB, an antenna is required to bring the terrestrial digital broadcast signal to the ATSC tuner, just as it would be necessary to bring such a signal directly to an ATSC television. The wiring needed to connect the antenna to DIRECTV's equipment is also identical to what is needed to connect a television set to an over-the-air antenna.

The diagram below illustrates the configuration used for integrating over-the-air digital broadcast signals with the DIRECTV service.

**ATSC Installation Diagram**



Once the signal is transmitted to the STB, regardless of whether it was received directly from a terrestrial broadcast tower or via satellite transmission, DIRECTV's technology handles it in the same manner. The channel appears in the on-screen programming guide using the terrestrial channel designation (*e.g.*, Channel 2), and information on items such as the show title, synopsis, and parental control are all the same as they would be had the signal been received from a DIRECTV satellite. The consumer has complete control over the program selection just like any other DIRECTV channel, and in the case of a DVR box they can record and playback just like any other channel. In some cases, consumers receiving the local signals directly from terrestrial broadcast will have an extra bonus. Those who live between two markets (for example,

**HARRIS, WILTSHIRE & GRANNIS LLP**

Marlene H. Dortch  
January 30, 2008  
Page 3 of 4

in the suburbs between Baltimore and Washington, DC) can tune to channels from both markets if the terrestrial signals are strong enough.

DIRECTV has already begun production of the ATSC unit, and expects to have enough inventory on hand to make them available to subscribers beginning in March 2008 with a rollout to all affected DMAs by September/October. DIRECTV will offer these units to subscribers in a manner similar to that in which it offers other advanced product equipment. In this case, that will involve a separate one-time charge initially set at \$50, which is approximately 15% less than DIRECTV's actual cost for the unit. In addition, this cost will likely decrease if the cost to DIRECTV decreases (as is usually the case with equipment prices over time). With regard to customer notification, DIRECTV will communicate to existing customers in the affected areas in a similar manner as that used to notify customers about the availability of satellite delivered local signals. This includes a broad mix of the following: notification on the DIRECTV web site, e-mails to affected customers, prerecorded auto calls, screen alerts through the STB, and press releases for media in the affected areas. For new customers, DIRECTV customer service personnel processing new accounts will have the necessary information available to make consumers aware of the availability of the ATSC unit.

The antennas originally designed for reception of traditional analog signals are also compatible with digital transmissions. DIRECTV is not in the business of manufacturing or installing over-the-air antennas. However, the introduction of terrestrial digital transmissions re-energized the market and many new models, using updated technologies or simply new form factors, are now available in many retail stores (including Radio Shack, Best Buy, Circuit City, Target, and Wal-Mart). There is an array of antenna options, from "rabbit ears" to roof-top antennas, each with its own performance characteristics. The starting cost of these over-the-air antennas is around \$15 but prices vary as a function of performance and design. Because each residence presents its own unique set of reception issues and consumer preferences, DIRECTV believes that it is best to allow the consumer to choose which option to acquire and deploy. However, DIRECTV will offer installation services (1) to new subscribers at the incremental labor cost beyond the cost of installing the satellite antenna, and (2) to existing subscribers at a flat rate that is consistent with applicable charges for special installations. The current rate for such installations is \$99.

It is also worth noting that, with a few exceptions, subscribers to the overwhelming majority of DIRECTV's programming packages (comprising 98% of its customer base) receive a \$3.00 discount in markets where it does not provide local signals via satellite. Listed below are the current packages, and associated current prices for such packages, with the price differential.

**HARRIS, WILTSHIRE & GRANNIS LLP**

Marlene H. Dortch  
January 30, 2008  
Page 4 of 4

| <b><u>Package</u></b> | <b><u>With LIL</u></b> | <b><u>Without LIL</u></b> |
|-----------------------|------------------------|---------------------------|
| Basico                | \$29.99                | \$26.99                   |
| Select                | \$42.99                | \$39.99                   |
| Choice                | \$49.99                | \$46.99                   |
| Choice Xtra           | \$54.99                | \$51.99                   |
| Familiar              | \$42.99                | \$39.99                   |
| Familiar Ultra        | \$51.99                | \$48.99                   |
| Plus DVR*             | \$59.99                | \$56.99                   |
| Plus HD/DVR*          | \$69.99                | \$66.99                   |
| Premier               | \$99.99                | \$96.99                   |
| Lo Maximo             | \$99.99                | \$96.99                   |

\* Plus DVR includes DVR service; Plus HD/DVR includes DVR service and HD access

If you have any questions or would like any additional information, please do not hesitate to contact me.

Respectfully submitted,

/s/

William M. Wiltshire  
*Counsel for The DIRECTV Group, Inc.*

cc: Catherine Bohigian  
Michelle Carey  
Royce Sherlock  
Mania Baghdadi  
Tracy Waldon  
Rosemary Harold  
William Beckwith  
Debra Sabourin  
Jim Bird  
Joel Rabinovitz  
Marilyn Simon