



May 6, 2008

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Small System Relief in CS Docket No. 98-120

Dear Ms. Dortch:

As requested by the Media Bureau, Charter Communications, Inc. ("Charter") hereby provides additional cost detail for systems that have already been upgraded to offer digital service but have few subscribers to bear the costs of simulcasting digital broadcast signals. Simulcasting the broadcasters in analog and digital requires an 8 VSB receiver, demodulator, muxing and QAM modulation equipment, D-to-A converter, RF modulator, and (in many cases) a new antenna.

To illustrate, one Charter system in the Chicago DMA has 2,117 basic subscribers and 1,238 digital subscribers. Of the 15 local broadcasters, 14 are currently carried only in analog and one is carried in analog and digital. For each of the 14 broadcasters to be added in digital, we would require an 8 VSB Integrated Receiver Processor (\$2,400); Digital MUX (\$1,892); QAM modulator (\$440); and in approximately 20% of cases, a new digital receive antenna for \$3,000. The total for the 14 new digital broadcasters would be \$74,648. For the one broadcaster already carried in digital and analog, a new digital to analog converter (\$2,400) will be required when the over-the-air analog signal ends. The combined cost of carriage for simulcasting is \$77,000 (in excess of \$62 per digital subscriber who receives the digital simulcast or \$36 per basic subscriber). If relief were granted from simulcasting, the system would be relieved of digital MUX and QAM costs of \$32,648.

As a second illustration, one Charter system in the Monterey-Salinas DMA has 2,951 basic subscribers and 1,278 digital subscribers. None of the 14 local broadcasters are currently carried in digital. The total headend costs for simulcasting would be \$74,648 (in excess of \$58 per digital subscriber who receives the digital simulcast or \$25 per basic subscriber). If relief were granted from simulcasting, the system would be relieved of digital MUX and QAM costs of \$32,648.

For all of Charter's digital systems with more than 552 MHz and fewer than 3,000 basic subscribers, the costs of simulcasting exceeds \$5.8 million.

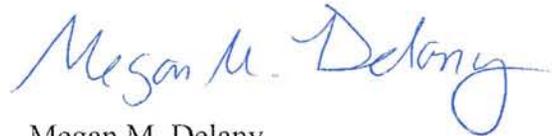
These costs are well in excess of the cost burdens the Commission found to justify EAS relief for systems with 5,000 or fewer subscribers. In the case of EAS, the

Commission granted relief from safety-based regulatory requirement for five years in small systems where the cost burden per subscriber in today's dollars was approximately \$1.80. *Amendment of Part 11 of the Commission's Rules Regarding the Emergency Alert System*, Report and Order, FCC 02-64, 17 FCC Rcd 4055 (2002); Supplemental Comments of American Cable Association in EB 01-66, December 20, 2001, p. 2 (estimating equipment cost at \$7,500-\$10,000 in systems of 5,000 subscribers).

As explained in our joint submission of April 30, 2008, the high capital investment cost per customer of digital simulcasting to small subscriber groups disproportionately harms rural customers who would be better served by investment in increased broadband deployment and speeds nationwide, even in our smallest communities. Charter has been upgrading its broadband service nationwide to 16 Mbps downstream and 2 Mbps upstream. This capacity permits downloading a 5 MB song in 2.5 seconds and uploading 10 digital photos (5 MB) in only 20 seconds. The package also includes 10 email accounts of 1 GB each and personal web space of 20 MB. In the first four months of 2008, Charter brought this 16/2 Mbps broadband service to more than 7 million homes passed. By year end, it expects to complete another 3 million homes passed. We believe that this kind of investment benefits consumers and serves national priorities far better than carrying digital simulcasts of broadcast signals that we will continue to make available to all subscribers in (converted) analog format.

Respectfully submitted,

Paul Glist
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, N.W.,
Suite 200
Washington, DC 20006
Phone: (202) 973-4220



Megan M. Delany
Vice President and Senior Counsel
Federal Government Relations