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Vice President
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July 31, 2008

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

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

Dear Ms. Dortch:

Verizon supports industry-created standards for bidirectional navigation devices that would work and support consumers' interactivity with the services of *all* providers, regardless of platform or technology. While the recently announced Memorandum of Understanding (MOU) between the six largest cable incumbents and certain consumer electronics (CE) manufacturers may permit the creation of two-way devices that work on the networks of traditional cable operators, it is not compatible with other video providers' networks, including Verizon's all-fiber FiOS network. As NCTA seems to acknowledge, an all-provider approach that is technology- and platform-agnostic would better serve consumers and promote video competition and innovation. The Commission should encourage all parts of the industry – including cable incumbents, competitive providers, satellite providers, and CE manufacturers – to continue to work towards that goal. The Commission should also encourage the industry to take steps now – such as the inclusion of the low-cost and ubiquitously used Ethernet interface (RJ45) in CE devices – to ensure that a cable-centric approach to interactive connectivity does not inhibit technological innovation, like the advances in IP-based home networking recently described by Intel, or disadvantage other segments of the video marketplace. In contrast, a purely cable-centric approach that does not provide a more universal interface such as Ethernet would hamper innovation and development of competitive alternatives to the cable incumbents.

While we are supportive of industry-led efforts to develop appropriate technical standards, and do not believe that the Commission generally should dictate particular

technical standards or approaches in this or other contexts, we write to emphasize that the MOU and the associated “tru2way” technology represent a proprietary approach developed by and for traditional cable operators and that assumes the existence of traditional cable networks and traditional cable hardware interfaces (for example, including a radio frequency (RF) return path – something present on cable’s coax networks that does not exist on fiber networks or on services provided by satellite operators or IPTV providers). Therefore, the tru2way approach is incompatible with Verizon’s platform and technological approach, as well as that of other competitive video providers that do not rely on traditional cable technology – a fast growing segment of the video marketplace. Thus, the agreement surrounding the MOU does not provide a standard that will work for all video providers, and instead only serves traditional cable operators. The President and CEO of NCTA has acknowledged as much by expressing NCTA’s continued interest in “explor[ing] the development of an ‘all-provider’ solution that would allow providers to make their own technology selection, differentiate their offerings, and use different network-specific devices to connect to plug-and-play equipment using a common interface.”¹

We believe that the type of two-way standards that will most benefit consumers and encourage innovation and competition should be developed in forums open to all parts of the service provider industry, manufacturers, and other interested stakeholders, and should be technology- and platform-agnostic. At a minimum, CE interconnection standards should rely on a low-cost, widely adopted, and universally implementable interface – Ethernet over RJ45 being the obvious choice. This interface is generally accepted as the universal standard for computers, home networking equipment, and other CE equipment, and it can work for cable incumbents and other providers using different technological approaches. This modest step would also be consistent with the recent suggestion of Intel concerning the inclusion of an “IP-based interface that facilitates home networking, such as Ethernet” into certain set-top boxes.² As Intel notes, there is wide and growing “marketplace acceptance of IP,” and the Commission should ensure that cable-centric standards do not frustrate this promising trend. Therefore, the Commission should urge CE manufacturers – even as they implement the MOU – to take steps now to future-proof their devices and ensure compatibility with video providers beyond the traditional cable incumbents by including an Ethernet interface such as the RJ45 in their devices as the device’s only interactive interface (or at a minimum included regardless of what other interfaces the manufacturer elects to include). This is essential in order to ensure that the technological shift towards IP does not end before it reaches

¹ See Remarks by Kyle McSlarrow, “Cable’s Broadband Platform: Innovation for the Consumer,” <http://www.ncta.com/ReleaseType/MediaRelease/McSlarrow-Remarks-at-National-Press-Club.aspx> at 4 (June 9, 2008).

² See, e.g., Letter of Robert S. Schwartz to Marlene Dortch, CS Docket No. 97-80 (July 17, 2008).

the television set, and to ensure that consumers receive the benefit of the full range of technologically advanced video and broadband services available them.

In contrast, if a new generation of consumer electronics were to incorporate the cable proprietary approach, and not the Ethernet interface that is compatible with IP technologies, it would suppress innovation and hamper the growth of competitive alternatives to the cable incumbents. This flies in the face of congressional findings that standards for equipment should mandate only a “minimum degree of common design” and encourage “open competition in the market.”³ A cable-centric standard would also inhibit competitive innovation in contravention of the goals of the Cable Act and section 706 of the Communications Act.⁴ Moreover, a cable-centric standard would hinder the ability of competing video providers to provide competing programming to their subscribers, contrary to the requirements section 628.⁵

Although tru2way is incompatible with Verizon’s video platform, we are encouraged by NCTA’s expressed interest in working towards two-way solutions that are compatible with all types of video providers, and we hope that CE manufacturers and other interested stakeholders will do the same. Work on such standards already is underway through open industry efforts, including within the Alliance for Telecommunications Industry Solutions (ATIS) – an ANSI-accredited, industry standards-setting body open to any party. In fact, CableLabs recently joined ATIS as an affiliate member, and its participation in that forum could assist in the development of all-provider, bidirectional standards. Conversely, Verizon would welcome such openness on the part of the cable industry – that is, the opportunity to participate in their technology and standards processes. The Commission should endorse and encourage these efforts.

The interests of consumers and the goals of Section 629 will best be served by appropriate two-way standards that work for all video providers and that encourage competition and innovation. Notwithstanding the MOU, the Commission should

³ 47 U.S.C. § 544a(a)(4)

⁴ See 47 U.S.C. § 521 (among the purposes of the title are to “provide the widest possible diversity of information sources and services to the public”; “promote competition in cable communications” and establish standards that “encourage the growth and development of cable systems”); 47 U.S.C. § 157 nt (incorporating section 706 of the Telecommunications Act of 1996, Pub. Law No. 104-104, 110 Stat. 56 (1996)) (Commission shall promote competition and “remove[e] barriers” for “advanced telecommunications capability.”).

⁵ 47 U.S.C. § 548(b) (prohibiting cable operators from practices that “hinder significantly” the ability of “any multichannel video programming distributor from providing satellite cable programming or satellite broadcast programming to subscribers or consumers.”).

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encourage the industry to work diligently on the development of such standards, and to take steps now – such as the inclusion of RJ45 interfaces in CE devices – that recognize consumers' embrace of IP-based technologies and to ensure that consumers are not deprived of the benefits of new and emerging services from the provider of their choice.

Sincerely,

A handwritten signature in cursive script that reads "Dee May".

cc: Chairman Kevin J. Martin
Commissioner Michael J. Copps
Commissioner Jonathan S. Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert M. McDowell
Amy Bender
Amy Blankenship
Rudy Brioche´
Rick Chessen
Cristina Chou Pauze´
Monica Desai