



Michael E. Olsen
Senior Vice President,
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February 4, 2011

Mr. William T. Lake
Chief, Media Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: MB Docket No. 09-168, In the Matter of Cablevision Systems
Corporation's Request for Waiver of Section 76.630(a) of the
Commission's Rules

Dear Mr. Lake:

Thank you for your letter of January 25, 2011 regarding Cablevision's encryption report. This letter responds to your questions and includes information for the reporting period through January 22, 2011.

As background, Cablevision completed the encryption of the New York City systems on July 20 and July 22, 2010. As committed, the company offered free set top boxes or CableCARDS for 30 days prior to and 30 days following encryption, consistent with the Order (§ 15). Also as noted, while the company distributed more than 700 set top boxes pursuant to that offer, there were no recorded complaints about the program or the encryption of broadcast basic on these digital systems. (§ 15.)

The balance of this letter responds to your specific questions.

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First, you asked about the number of complaints associated with the encryption of the basic tier. We received no recorded complaints about encryption. To ensure accurate and consistent record keeping, the company uses objective criteria to calculate complaint volume by counting as a complaint any situation where (i) a customer who calls the company's customer service representative escalates issues for management attention; (ii) a customer writes or emails to the company directly; or (iii) a customer issue is referred to the company by a regulatory agency (these are the "agency escalations"). In general, most customer inquiries are addressed by our customer service representatives by providing accurate information, giving technical direction, or affirming an existing support offer (such as the set top box program). The encryption in New York City resulted in no complaints escalated to management, written complaints, or agency complaints referred to the company.

Second, you asked how we measured the reduction of truck rolls associated with encryption, and why we reported that number as zero for the first reporting period. At the time of our initial report, we had yet to implement these operational changes to take advantage of truckless disconnects and reconnects. Consequently we had not measured any "reduction in truck rolls" associated with encryption and we reported that number as zero. (Cablevision Encryption report, October 29, 2010, at p. 2.)

We have now implemented a pilot program to test operational changes that take advantage of encrypted plant by permitting truckless disconnects and reconnects.¹ This pilot program will test the impact on operations, customer experience, and security associated with eliminating truck rolls and leaving encrypted services active. That pilot area, covering approximately 5,000 households, saw disconnect activity averaging 72 units per month from July 2010 to January 2011. Following implementation of the "no truck roll" policy in November, truckless disconnects comprised 89.2%, 93.8%, and 95.7% of all disconnects in the months November, December and January, respectively. Similarly, as new customers take service in households with taps that were not physically disconnected, new service can be commenced without a professional

¹ We are moving cautiously to implement this program to allow us to observe the impact on customer activity, satisfaction, sales, churn, and service theft. As we become comfortable that the overall operational changes can be implemented while improving these metrics, we expect to expand the program throughout encrypted systems.

truck roll. For the period November to January 22, truckless eligible reconnects in the pilot group were 17%, 30%, and 22%.²

Our preliminary experience in the pilot appears to confirm that truck rolls can be substantially reduced on a large scale. Assuming average annual disconnect and reconnect activity in the encrypted New York City systems of approximately 500,000, we believe even modest success of a system wide operational change could substantially reduce truck roll activity. If we reduced disconnects by only one-half the amount on a percentage basis as we did in the pilot, implementation of this program city-wide could reduce truck roll disconnect activity by 110,000 annually. And if only 15% of our customers elected to connect service without a professional install (based on our 2010 upgrade self install rate) an additional 31,000 install truck rolls would be saved. That could result in a reduction of as much as 141,000 truck rolls per year in New York City.³ Over time we would expect these practices to become more pervasive, and reductions to increase.

² Regardless whether service is active at a customer premise, any customer that wishes a professional install can request one, instead of taking delivery of a box and performing a self installation. Thus, the number of households eligible for truckless reconnects includes households eligible for remote reconnection, even when customers may have sought professional installation. We expect as customer expectations and habits change over time and with a broader implementation of new operations, the number of customers requesting installation appointments will drop substantially.

³ You also requested information on total truck rolls for the encrypted area quarter over quarter and year over year. There are many factors that affect this activity – pricing, promotions, churn, competition, substitution – and quarter over quarter comparisons do not reveal whether the change in truck roll activity is the result of operational changes following encryption. Nevertheless, for the pilot group, total truck rolls for disconnections and connections in the first period of August through October 2010 (immediately prior to the trial) were 380, and for the second period of November through January (extrapolated for the full month) were 189, a 50% reduction. (We do not have comparable for the pilot area for year over year, since we only established this group in preparation for the encryption program.) Full data for NYC as requested is as follows:

	<u>4Q2009</u>	<u>3Q2010</u>	<u>4Q2010</u>
NYC	116,789	116,761	102,926

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Third, you asked that we modify our report to reflect accurately the reporting dates. Our report for the period through January 22, 2011 is attached.

I hope this information proves helpful. Please feel free to contact me at 516-803-2583 if you have any questions or I can be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to be 'W. B.', written in a cursive style.

cc: Catherine Bohigian

Excerpt from FCC Order on Reporting Requirements:

16. Finally, we believe that this waiver will provide an experimental benefit that could be valuable in the Commission's further assessment of the utility of the encryption rule, and in this regard, we require Cablevision, as a condition of the waiver, to provide the Commission with a 3-month, 6-month, and 12-month report describing the number of customer complaints related to this waiver, the number of set-top boxes and CableCARDS described above that were provided at no charge, the number of installations provided at no charge, the impact of the waiver on the reduction in truck rolls, and any further steps that it took in order to effectively manage the encryption process and the impact on its customers. Their report shall be filed in the docket and provided to the Bureau at the 3, 6, and 12-month intervals from the date on which Cablevision encrypts its basic signal, or if the encryption is implemented over a period of time, then from the date on which the encryption was completed, or from 30 days after the first date of encryption, whichever comes sooner. We will continue to monitor the situation in New York City and reserve the right to revoke the waiver granted herein at any time if the public interest warrants such action. In addition, should the Commission address the encryption rule in a rulemaking, as requested by PK and MAP, Cablevision must come into compliance with any rules subsequently adopted.

Key Dates:

6/20/2010 Date of Customer Notification	7/22/2010 Reporting Start Date
7/20/2010 First Encryption Date	10/22/2010 Three-Month Report Period End Date
7/22/2010 Last Encryption Date	1/22/2011 Six-Month Report Period End Date
8/19/2010 30 Days From First Encryption Date	7/22/2011 Twelve-Month Report Period End Date

	Report Period:	3-Month	6-Month	12-Month
	From:	6/20/2010	6/20/2010	6/20/2010
	To:	10/22/2010	1/22/2011	7/22/2011
I. Customer Complaints:				
Number of Customer Complaints		0	0	
II. Free Equipment:				
CableCARDS provided at no charge		0	0	
Set-Top Boxes provided at no charge		734	739	
III. Free Installation:				
Number of Installations provided at no charge		150	150	
IV. Impact on Truck Rolls:				
Impact on reduction in truck rolls		0	159	