

March 20, 2013

EX PARTE

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

**Re: Charter Communications, Inc.'s Request for Waiver of Section 76.1204(a)(1)
of the Commission's Rules, CSR-8740-Z, MB Docket No. 12-328**

Dear Ms. Dortch:

On March 20, 2013, Robert Quicksilver of Charter Communications Inc., Paul Glist of Davis Wright Tremaine, LLP, Justin Lilley of TeleMedia Policy Corp., and Al Mottur of Brownstein Hyatt Farber Schreck met with Zac Katz of Chairman Genachowski's office and Michelle Carey of the Media Bureau to support Charter's request for a two-year waiver from the integration ban that would allow Charter to deploy integrated security devices that also support downloadable security.

We explained that far from creating risks to innovation, a grant of the waiver will *increase* the opportunities for innovation. Because Charter has designed the technology around simulcrypt, which employs two forms of encryption for the same content on the same plant, its systems will continue to support both the CableCARD security on which millions of Charter set-top boxes commonly rely and a new downloadable security also built for common reliance. Moreover, as a practical matter, CableCARD support will continue even after expiration of the waiver as a matter of necessity to maintain service to 2.75 million Charter set-top boxes. In addition, Charter has made a specific commitment to continue CableCARD support despite a court ruling striking down those rules.

Downloadable security will be built for common reliance, using code made available royalty-free to facilitate easy inclusion in readily-available commodity chips in existing supply chains. Our downloadable security technology will be commercially-available on a non-discriminatory basis to manufacturers of retail devices, designed for interoperability and portability, and using a software-based security to prepare for a time when software-only solutions meet the requirements of content providers. To be clear, manufacturers who wish to rely upon CableCARDS will be fully able to continue doing so, while manufacturers who wish to rely on downloadable security will have a new laboratory open for innovation. Accordingly, a grant of the waiver actually enhances innovation opportunities, as opposed to presenting any harm to innovators or choice.

A waiver that permits deployment of bilingual boxes without CableCARDs during the limited waiver period before the downloadable architecture is fully operational would yield substantial consumer benefits. A waiver would save consumers \$50 million to \$100 million in added equipment costs – costs which are entirely unnecessary given that Charter has far more than enough CableCARDs to assure common reliance support for CableCARDs for years to come. The economies of downloadable security boxes would lower the overall cost to Charter of going all-digital, which would enable Charter to offer new, advanced services and open up higher broadband speeds for its customers through the recovered analog spectrum.

This transition is particularly challenging in Charter's unique footprint. More than half of the counties that Charter serves are majority rural, the cities it serves are primarily second tier cities, and its systems are widely dispersed and are the least densely concentrated among the six largest cable operators. Charter has more than 190 headends in twenty-five states, which pass a median of 23,000 homes. Seventy-five percent of Charter's subscribers live outside of the nation's twenty largest DMAs. This low density means that Charter's per-headend subscriber cost to deploy downloadable security would not only be far greater than such cost was to Cablevision, but also substantially higher than it would be for any other large cable operator. This is why Charter's cable capital expenditures as a percentage of cable revenues are already the highest reported in the industry. Raising the cost of these set-tops unnecessarily during the waiver period would force Charter to either cut other capital projects or, even worse from a consumer standpoint, scale back or potentially substantially delay its downloadable security technology project, particularly in rural areas. A limited time waiver will allow the deployment of a more modern downloadable security system that has been designed for common reliance and that the Commission has urged cable operators to adopt for its lower costs, flexibility, and suitability for a competitive retail market. A waiver would permit limited investment funds to flow wisely towards the new chipsets, the new servers, and the software based security to build a new common reliance platform and allow the project to be delivered faster, more reliably, and less expensively for Charter's customers. By contrast, without temporary relief from the integration ban for the limited transition period, Charter's project cannot proceed as quickly, as well, or at the same consumer cost – and in fact may not proceed at all in its low-density markets – all to the detriment of Charter's customers.

As Charter has explained in more detail in its ex parte letter of February 28, 2013, in this case the Commission can have both downloadable security and CableCARDs: Charter would deploy the preferred downloadable security technology and continue to support and use CableCARDs in its own devices, and retail manufacturers could choose either of these two platforms for their devices. The requested waiver would advance Commission policy, and do no harm whatsoever.

Very truly yours,

/s/

Paul Glist

Counsel for Charter Communications, Inc.

cc: Zac Katz
Michelle Carey