Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Adams Cable Equipment Inc.	)	CSR-8537-Z
	)	
Request for Waiver of	)	
Section 76.1204(a)(1)	)	CS Docket No. 97-80
of the Commission's Rules	)	

PETITION FOR RECONSIDERATION OF ADAMS CABLE EQUIPMENT, INC.

Adams Cable Equipment, Inc. (ACE), pursuant to Section 1.429 of the Commission's Rules, 47 C.F.R. § 1.429, hereby seeks reconsideration of a portion of the Bureau's July 26, 2013 Memorandum Opinion and Order (the "*Waiver Order*")[1] in the above-captioned proceedings.

ACE applauds the Bureau for granting a waiver from the integration ban that will enable consumers to purchase refurbished integrated set-top boxes and cable operators to obtain such devices at wholesale. However, ACE respectfully requests reconsideration of the Bureau's decision to limit the waiver to the 50,000 refurbished set-top boxes currently in ACE's inventory.[2] Such a limit is not only unnecessary to assure common reliance, but is contrary to the core public interest rationale for the waiver in the first place – that consumers will benefit from the option to use and purchase low-cost integrated devices. Given that the Bureau concluded that consumers would benefit from access to 50,000 low-cost set-top boxes, then it follows that consumer benefit could at least quadruple if the Bureau extends ACE's waiver to permit it to resell an additional 150,000 refurbished set-top boxes.

[1] *Adams Cable Equipment, Inc. Request for Waiver of Section 76.1204(a)(1) of the Commission's Rules*, Memorandum Opinion and Order, CSR-8537-Z; CS Docket No. 97-80, DA 13-1658 (M.B. July 26, 2013) ("Waiver Order").
[2] *See id.* at ¶ 8 ("we extend waiver relief only to ACE's existing inventory.").

The Bureau's reason for capping the number of set-top boxes permissible under the waiver was to assure that its objective of assuring common reliance on CableCARDs is not undermined. But permitting the sale of 200,000 set-top boxes to cable operators under the waiver would not even put the slightest dent in common reliance. Cable operators have deployed more than 40 million set-top boxes that commonly rely on CableCARDs. The Bureau correctly found that, in this context, that the waiver "will [not] undermine common reliance" and will have a "negligible impact – if any – on the effectiveness of the integration ban" because 50,000 refurbished integrated devices would be "a *de minimis* percentage of the set-top box market."[3] Expanding the waiver to 200,000 devices would not change this calculus at all, but could greatly enhance the value of the waiver to consumers.

An important reason that expansion of the waiver would be so beneficial to consumers may not have been apparent to the Bureau on the prior record. Expansion of the waiver to 200,000 devices would not only quadruple the number of low-cost boxes available to consumers, but it would also greatly reduce the price they would pay for these set-top boxes. This is because ACE would then be able to purchase additional integrated set-top boxes that are stranded in the inventories of large cable operators that have migrated to newer models. Prior to 2007, these operators would sell their retired devices to ACE and others which would refurbish them for smaller, rural operators. The *Waiver Order*, however, still limits ACE's ability to buy and refurbish these stranded boxes. As a result, millions of integrated set-top boxes that could continue to have a useful life are being disposed of for scrap metal when they could readily be refurbished and sold to consumers. If ACE could resell those boxes, it would reduce its current $299 price for retail DVRs to $199 or less, and would reduce the price for its lowest-cost set-top box to $29. By artificially constraining the supply of retail set-top boxes, under the economics of

[3] *Waiver Order*, ¶¶ 6, 8.

supply and demand, the *Waiver Order* increases the cost of refurbished retail set-top boxes for consumers.

The fact that otherwise valuable set-top boxes are being thrown away only hurts consumers, and the environment, without any countervailing benefit. ACE therefore respectfully requests that the Bureau modify the *Waiver Order* by (1) permitting cable operators to purchase up to 200,000 refurbished integrated set-top boxes from ACE and (2) exempting set-top boxes sold at retail to consumers from the limit, since retail sales have no effect on the cable operators' common reliance.

Respectfully submitted,

Paul B. Hudson
DAVIS WRIGHT TREMAINE LLP
1919 Pennsylvania Ave. N.W., Suite 800
Washington, DC 20006
202-973-4275

Counsel for Adams Cable Equipment, Inc.

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