

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)	
)	
Implementation of Section 304 of the)	CS Docket No. 97-80
Telecommunications Act of 1996)	
)	
Commercial Availability of)	
Navigation Devices)	
)	

COMMENTS OF THE
TELECOMMUNICATIONS INDUSTRY ASSOCIATION

Pursuant to Section 1.415 of the Commission's Rules,¹ the Telecommunications Industry Association (TIA)² hereby submits the following comments in response to the *Further Notice of Proposed Rulemaking* in the above-captioned proceeding.³ In particular, TIA recommends that the Commission not accelerate, but instead revisit and reverse its decision to require the phase-out of integrated set-top boxes by January 1, 2005.

¹ See 47 C.F.R. § 1.415.

² TIA is a full-service national trade organization with membership of over 1,000 large and small companies that provide communications and information technology products, materials, systems, distribution services and professional services in the United States and around the world. The association's member companies manufacture or supply virtually all of the products used in global communication networks.

³ See *Implementation of Section 304 of the Telecommunications Act of 1996, Commercial Availability of Navigation Devices*, CS Dkt. No. 97-80, Further Notice of Proposed Rulemaking, FCC 00-341 (rel. Sept. 18, 2000).

TIA continues to believe that the mandatory phase-out of integrated devices is both unnecessary and inappropriate as a matter of law and policy.

First and foremost, the phase-out of integrated devices would reduce consumer choice. Consumers no longer would be afforded the option of purchasing the integrated device, but would be forced to acquire two devices instead of one. The expansion of consumer choice, of course, is a bedrock goal of the Telecommunications Act of 1996 and Section 304 in particular.

Limiting consumer choice to separate devices for security and non-security functions also would result in increased costs to consumers. It is more expensive to manufacture two distinct devices and there would, in some instances, be more costs associated with distributing multiple devices.⁴ This also contravenes the goals of the 1996 Act, which sought to reduce costs to consumers.⁵

⁴ See, e.g., General Instrument, Inc. Comments/Opposition in Response to Petitions for Reconsideration, CS Dkt. No. 97-80 (filed Sept. 23, 1998) at 14 n.42 (conservatively estimating \$75 cost differential).

⁵ At least one Commissioner, Michael Powell, has long recognized this prospect:

It is [also] contrary to good public policy to remove from the market one potentially cost-effective choice for consumers. It would be more practical to allow operators to deploy integrated boxes that may well be less costly and provide greater security for their systems. The benefits of allowing operators to use such equipment would redound to consumers, giving them more equipment options at potentially lower prices.

Implementation of Section 304 of the Telecommunications Act of 1996, Commercial Availability of Navigation Devices, Order on Reconsideration, Statement of Commissioner Michael K. Powell (*dissenting in part*), 14 FCC Rcd 7596, 7632 (1998).

The phase-out of integrated devices also will seriously inconvenience the consumer. Much of the compatibility problem between cable television and consumer electronics equipment is due to the requirements for coordinating between three devices – televisions, VCRs and set-top boxes. The phase-out of integrated devices would result in the consumer being required to have four devices instead of three. This likely would result in even greater consumer confusion and more difficulties coordinating between four instead of three devices.

In addition, the ban deprives cable operators of the opportunity to offer integrated converter devices with embedded security, despite the fact that such devices reduce the threat of piracy and theft of service, thereby enabling operators to avoid revenue losses that add to the cost of providing service to legitimate subscribers. “Hackers” and pirates are gaining access to faster and more powerful computers and networks of computers with the capability of compromising more of the currently available security technology. A ban on integrated devices fails to consider an important component in preventing piracy and theft – security becomes harder to compromise at higher levels of hardware integration. To the extent that security functions are a mixture of hardware and software, the pirate or thief faces a greater challenge.

Conclusion

Therefore, for all of the reasons mentioned herein, TIA strongly believes that the Commission should not accelerate the date of its ban on integrated devices. Rather, the ban should be eliminated entirely, since its implementation will only reduce, rather than expand, consumer choice and the security of cable networks.

Respectfully submitted,

TELECOMMUNICATIONS INDUSTRY
ASSOCIATION

/s/

Grant E. Seiffert
Vice President, Government Relations

Derek R. Khlopin
Regulatory Counsel

1300 Pennsylvania Ave., NW
Suite 350
Washington, DC 20004
202.383.1480

November 15, 2000