

SUMMARY
TESTIMONY OF DAVID L. COHEN, COMCAST CORPORATION

Comcast and the cable industry have a long history of supporting PEG programming, and we recognize its value to our customers and our local government partners. Comcast is committed to working cooperatively with our local partners to ensure efficient PEG delivery through the digital transition.

The issues raised by this hearing involving Comcast are temporary, transitional issues. In the relatively near future, it is likely that all cable video services will be delivered in a digital format.

The delivery of PEG channels in a digital format is a small part of a much larger transition from analog television to digital television. Digital technology improves video quality, and its inherent spectrum efficiency enables video providers, like Comcast, to vastly expand our service offerings.

Today's intensely competitive video environment compels established cable operators, like Comcast, to offer PEG channels in a digital format. Our major competitors are already all-digital. If established cable operators are unduly restrained in our digital transition, it will weaken our competitive posture – and, ironically, it will ultimately harm PEG programmers, whose primary distribution is on cable.

Comcast is not discriminating against PEG channels as it transitions to a digital platform. In most of our cable systems, the vast majority of commercial programming services are already transmitted in a digital format. Even when we digitize PEG channels, those channels remain part of the basic service tier, which means that no additional service fee is required to view digitally delivered PEG channels. Some customers may need digital equipment to view these channels, but a rapidly growing majority of our customers already have this digital capability.

TESTIMONY OF DAVID L. COHEN
EXECUTIVE VICE PRESIDENT
COMCAST CORPORATION

BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON TELECOMMUNICATIONS AND THE INTERNET

HEARING ON
“PUBLIC, EDUCATIONAL, AND GOVERNMENTAL SERVICES
IN THE DIGITAL TV AGE”

JANUARY 29, 2008

Mr. Chairman and Members of the Committee:

Thank you for inviting me to testify today. It’s always a pleasure to appear before this Committee, and I welcome the opportunity to discuss Comcast’s plans for carrying local Public, Educational, and Governmental channels (“PEG”) in the digital TV age. I appreciate this Committee’s interest in our recent efforts to deliver PEG channels in a digital format, and I am happy to explain the reasons supporting this technical transition.

Let me start by saying that Comcast and the cable industry have a long history of supporting PEG programming, and we recognize its value to our customers and our local government partners. We provide the means to distribute PEG programming and the support that makes it possible. We understand the value of PEG programming, and we try to be good partners with our local governments in our support.

To a large extent the issues raised by this hearing are temporary, transitional issues. In the relatively near future, it is likely that all cable video services will be delivered in a digital format, and all of our customers will need a digital set-top box, a digital television set, or some other digital receiving device. That is already the case with our major competitors – DirecTV, Dish, AT&T, and Verizon – who all operate in a digital-only format.

Although our cable plant is enormously flexible, we are increasingly putting demands on the capacity of that plant. During this transitional period, we must juggle consumer demand for more services, such as high definition television, video-on-demand ("VOD"), and faster broadband speeds, with the capacity of our network. Part of that juggling involves the digital delivery of channels previously were delivered in analog. At the same time, we are actively exploring a variety of technical solutions that go far beyond the digitization of analog channels. Digital compression and switched digital delivery, for example, both promise significant bandwidth efficiencies.

Given the genesis of this hearing, I want to say that our recent digital initiative in Michigan is atypical in two important respects. First, in the vast majority of our cable systems, PEG channels remain in analog, and we have no current plans to change that. In fact, we have voluntarily increased our PEG carriage in many systems by adding a digital simulcast to accompany the traditional analog version. In light of the relatively large number of PEG channels in certain Michigan communities, however, we need to work out different arrangements to help us accommodate consumer demand for other services.

And that leads me to the second way in which our Michigan digital initiative differs from our standard practice. In retrospect, we failed to communicate adequately our goals and to work cooperatively with our local partners to produce a "win" for everyone – for the consumer, the franchising authority, the PEG community, and the cable company. That is not the way we want to do business – in Michigan or in the rest of the country – and I want to apologize for that. I am pleased to say that we are now engaged in friendly, and what I am sure ultimately will be fruitful, discussions with local government officials in Michigan, including Mayor O'Reilly of Dearborn, who is testifying here with me today.

With this background, let me begin with four key points about the digital delivery of PEG channels:

First, the delivery of PEG channels in a digital format is a small part of a much larger national – in fact, global – transition from analog television to digital television. Digital technology improves video quality, and its inherent spectrum efficiency enables video providers, like Comcast, to vastly expand our service offerings. The switch to digital technology has been widely and understandably encouraged by government officials. Consumers today clearly want the enhanced video and audio quality of digital, as well as the many new services that digital technology makes possible.

Second, today's intensely competitive video environment compels established cable operators, like Comcast, to offer PEG channels in a digital format. As I just mentioned, our major competitors (DirecTV, Dish Network, Verizon, and AT&T) are already all-digital, and they widely tout that fact in their consumer marketing. The two national DBS providers, who are now the second and third largest multi-channel video providers in the country, with over 30 million combined customers,¹ offer no local PEG programming whatsoever, and our telephone competitors generally seek to offer much less than we do. If established cable operators are unduly restrained in our digital transition, it will weaken our competitive posture and, ironically, it will ultimately harm PEG programmers, whose primary distribution is on cable (because the government has not placed similar PEG obligations on our competitors). Even if our transition of PEG channels to digital causes some temporary, minor inconvenience for some of our customers, it is important to understand that these citizens will receive little or no PEG programming if they move from their local cable system to the all-digital line-up provided by our

¹ See *Twelfth Annual Assessment of the Status of Competition in the Market for Delivery of Video Programming*, 21 FCC Rcd. 2503, ¶ 73 (2006).

telephone and DBS competitors. And as our digital transition moves forward, ultimately, our customers will be receiving all of their programming – including their PEG programming – in digital form.

Third, as Comcast proceeds with the challenging and critical transition to a digital platform, I want to clearly state that we are not discriminating against PEG channels and are, in fact, taking special care to ensure that the public can access them. In most of our cable systems, the vast majority of commercial programming services are already transmitted exclusively in a digital format, yet PEG channels remain almost uniformly in an analog format (often with a digital simulcast).

It is important to note that digital delivery will actually enhance, not degrade, the signal quality of PEG channels. Moreover, even when Comcast digitizes PEG channels, those channels remain part of the basic service tier. Comcast does not impose any additional service fee to receive digitally delivered PEG channels. And while some customers may need digital equipment to view these PEG channels, a rapidly growing majority of our customers already have this digital capability.

Fourth, we believe the digital delivery of PEG programming is consistent with the Communications Act of 1934, as amended (the “Act”), and the legislative history of the Cable Television Consumer Protection and Competition Act of 1992 (the “1992 Cable Act”). The Act did not explicitly address the format (analog or digital) by which cable operators must deliver PEG programming, and the Act specifically protects a cable operator’s choice of transmission technology.

The bottom line is that we believe that digital delivery of PEG channels is fair, it is appropriate, it is pro-consumer, it is key to our ability to respond to competition, and we believe

that it is lawful. But as I said earlier, given the strong commitment that we have to PEG programming – a commitment that is not shared by all of our competitors – and given the strong relationships we enjoy with our local government partners, Comcast is committed to working cooperatively with those local partners to ensure efficient PEG delivery.

I. THE FUTURE OF TELEVISION IS DIGITAL

As this Committee is well aware, the future of television is digital, and that future is now. Analog television, which served America well in the twentieth century, is quickly being replaced by superior digital technology. The nation's established broadcast television and cable television industries are both racing to an all-digital universe. Comcast's chief competitors, including DBS providers DirecTV and Dish Network, as well as Verizon and AT&T, entered the television business comparatively recently and skipped over analog technology entirely. Because their video services are already offered exclusively in digital, a subscriber to these services has no choice but to obtain and use digital equipment.

Consumers today are clamoring for the superior quality that digital technology provides. Just as an earlier generation of Americans abandoned black and white television in favor of color television, this generation of Americans is now rapidly abandoning analog television in favor of digital television. Digital signals are crystal clear, and the visual appeal of high definition digital signals is undeniable.

Video providers are enthusiastic about digital technology because it is so much more efficient than conventional analog technology. Delivering a video signal in analog consumes many times the amount of spectrum or bandwidth as delivering the same programming in digital. Indeed, as illustrated in Attachment 1, approximately three high definition channels and 15 standard definition digital channels can now be delivered in the same bandwidth as a single

analog channel. Simply put, the delivery of television in analog is wasteful and inefficient. That is precisely why our competitors are already operating with all-digital technology.

Congress has itself recognized the vast superiority of digital in establishing February 2009 as the deadline for all domestic broadcast stations to terminate analog transmission in favor of digital transmission.² The costs and confusion associated with this broadcast conversion are considerable, but Congress has clearly recognized that the reclaimed broadcast spectrum is of tremendous value and can be used far more productively.

Cable operators have also recognized the superiority of digital technology. Comcast increasingly relies on digital technology to deliver video services to its customers. A typical Comcast system today has a far greater number of programming services delivered in digital than in analog. In Dearborn, for example, we currently provide fewer than 70 analog channels and more than 220 digital channels. Our Washington, D.C. system has a similar ratio of analog to digital channels. We offer fewer than 80 analog channels here and more than 230 digital channels.³ And this digital tally does not even include the vast digital VOD library available to our customers through our On Demand service.

The digitization of our line-up has allowed Comcast to launch scores of new digital programming channels, including popular high definition and VOD offerings. In Dearborn, the services available only in digital today include many popular channels like ESPN News, Discovery Home, National Geographic, Biography, SOAPNet, Nicktoon, Discovery Kids, Sprout, CMT, GSN, IFC, LOGO, and TV One. The list goes on. It is a similar story elsewhere. In Washington, D.C., for example, we provide a wide variety of popular digital-only channels, such as BBC America, Current TV, Fox Reality, Sundance, and WE. If we had not introduced a

² See 47 U.S.C. § 337(e).

³ See Attachment 2.

digital platform, it simply would not be possible to deliver the range and diversity of product our customers desire.

Not surprisingly, the percentage of our customers subscribing to digital services is increasing rapidly. At the end of 2006, our digital penetration figure had grown to 52%. By the end of the third quarter of 2007, it had increased to over 60%. In many markets, such as Boston and Chicago, our digital penetration exceeds 80%. This trend is sure to continue as Comcast increasingly relies on digital technology to deliver video services.

Our ability to take full advantage of digital technology requires us to reclaim bandwidth currently devoted to outmoded analog technology. If we cannot reclaim that bandwidth, the amazing products we are anxious to offer our customers will be delayed. In Dearborn, for example, we currently offer 33 linear HDTV channels. Transitioning additional analog channels to digital would liberate the capacity needed to substantially increase our HDTV offerings and accommodate the existing backlog of popular HDTV channels. For each analog channel we migrate to digital, we pick up the capacity needed to launch approximately three new high definition channels. The popular HDTV channels we could launch in Dearborn if there were more digital capacity available include such popular services as AMC HD, Cartoon HD, Nickelodeon HD, and Speed HD. Indeed, additional digital capacity is essential to proceeding with our newly announced "Project Infinity," which could deliver more than one thousand high definition choices to virtually every Comcast HD home by the end of 2008.⁴

Moreover, digitizing video channels provides customer benefits beyond just "more TV." The reclaimed bandwidth allows us to offer improved high speed internet and digital voice services. In particular, reclaimed bandwidth will facilitate Comcast rolling out DOCSIS 3.0 this

⁴ Brian L. Roberts, Keynote Remarks, 2008 Consumer Electronics Show, Las Vegas, NV, January 8, 2008.

year. This amazing technology will allow us to deliver data at speeds of up to 100 megabits per second or greater.⁵

Offering PEG programming in a digital format improves its picture quality. That is why we increasingly simulcast PEG channels in digital where we have the capacity to do so. Delivering PEG channels in a digital format also makes it much easier to group PEG channels together, possibly with other public interest programming, in a standardized “neighborhood” across multiple cable systems. This standardization will make it easier for consumers to find local PEG channels. The new digital location will be increasingly important as more and more of our customers look to our digital program guide line-up for their viewing choices and venture back to our analog channels less frequently.

The simple truth is that the transition to a digital platform is inevitable. The majority of Comcast customers are already digitally equipped, and that figure is increasing at a dramatic rate. Customers interested in PEG programming will not find a significant inconvenience in needing to “go digital,” and, in fact, all of them will very soon *expect* digital delivery. Frankly, if we do not deliver PEG programming in a digital format, it will not be long before PEG programmers complain about being abandoned in an analog wasteland.

II. THE DIGITAL DELIVERY OF PEG PROGRAMMING IS COMPELLED BY THE COMPETITIVE VIDEO MARKETPLACE

In analyzing Comcast’s PEG carriage, it is important to consider the intensely competitive marketplace in which we operate. One cannot evaluate PEG obligations as if cable companies still held their multi-channel video “monopoly” of 20 years ago. In Dearborn, Michigan, for example, Comcast serves just 38% of local television households. As a result, whether Comcast transmits PEG channels in analog or digital, it cannot itself ensure that every

⁵ *Id.*

Dearborn household, or even the majority of Dearborn households, receives PEG programming. In this highly competitive landscape, it is also essential that Comcast make business decisions that maximize our appeal to local consumers.

On a nationwide basis, DBS companies are currently our largest direct competitors, serving almost 30% of the nation's television households, and DirecTV and Echostar are the number 2 and the number 3 multi-channel video providers in the country, respectively. Their marketing material emphasizes their all-digital format.⁶ Yet DBS has no PEG carriage obligations. While DBS has a federal obligation, under Section 335 of the Act, to carry certain "noncommercial, educational, and informational programming,"⁷ that "public interest" obligation is not remotely comparable to cable's PEG requirements.

First, DBS does not carry any *local* PEG programming. The *national* services that fill DBS' "public interest" set-aside are very different than the local PEG channels carried by cable. Unlike cable's carriage of PEG channels, DBS providers are free to select from among multiple eligible programmers to fill their "public interest" allocation. Because these DBS services are national in scope, they contain programming that is much more akin to the programming seen on popular commercial networks than is the case with typical PEG channels. Comcast voluntarily carries several of these same networks (including the Pentagon Channel, Three Angels Broadcasting Network, BYUTV, and HITN) on some of its cable systems.

Second, DBS' "noncommercial" set-aside is limited to 4% of its video channels.⁸ In contrast, PEG obligations can far exceed 4% of a cable system's video capacity. In Meridian,

⁶ See Attachment 3 (DBS advertisements).

⁷ See 47 U.S.C. § 335(b).

⁸ See 47 C.F.R. § 25.701(a). Significantly, Congress suggested a range of 4% and 7%, and the FCC concluded the lowest number was sufficient. See 47 U.S.C. § 335(b)(1).

Michigan, for example, Comcast currently carries nine PEG access channels.⁹ This represents almost 12% of the video capacity available to most of Comcast's local customers. Even in Washington, D.C., where the system has greater total bandwidth, the percentage of video capacity devoted to PEG exceeds DBS' 4% obligation.

Third, DBS companies are allowed to collect fees *from* their "public interest" programmers. DirecTV and Dish can recover up to 50% of their direct costs associated with accommodating these programmers.¹⁰ In contrast, cable franchise agreements not only require cable systems to provide carriage at no charge, but they also typically require operators to provide financial support *to* PEG.

Finally, DBS companies do not offer any of their "public interest" programming in analog. Such programming cannot be accessed without first obtaining a digital converter.¹¹ Indeed, the requirement to obtain digital equipment is a necessary precondition to becoming a DBS customer.

Of course, DBS is not our only direct competitor. We are increasingly facing competition from Verizon and AT&T. It should be noted, once again, that these new competitors already operate exclusively in digital and, therefore, require their customers to rent or buy digital equipment for their homes. In fact, AT&T offers digital PEG channels in a controversial manner that bears no resemblance to Comcast's PEG delivery.¹²

⁹ Significantly, three of these "local" PEG channels (representing 18 Mhz of valuable bandwidth) simply provide alternative feeds of PBS station, WKAR. Broadcast station WKAR has its own "must carry" rights and is already carried on the Meridian cable system.

¹⁰ 47 C.F.R. § 25.701(f)(5); 47 U.S.C. § 335(b)(4).

¹¹ Dish's website even admits that customers "may require additional dish antenna to view this programming." See http://www.dishnetwork.com/content/whats_on_dish/programming_packages/channels/index.asp?NetwID=50414.

¹² It is worth noting that AT&T has taken the position that its video operations do not even constitute a "cable system" and, therefore, are not subject to a variety of federal, state, and local requirements applicable to a "cable operator," including critical channel carriage obligations such as commercial leased access, must carry, and PEG.

As we understand it, AT&T treats PEG programming very differently than it treats commercial programming services, and, as a result, PEG programming on AT&T is not easily found by consumers. AT&T's PEG programming is accessed only by first going to one specified site and then working through multiple ancillary menus to find the particular PEG programming desired.¹³ Also, not only does AT&T fail to provide a single exclusive linear channel for the limited PEG programming it offers, but the quality of its PEG streaming video is well below that of AT&T's commercial channels.¹⁴ AT&T's PEG delivery approach apparently creates other viewing problems – including a delay in the video loading and an inability to record programming – that are likely to frustrate the PEG audience.¹⁵ In short, AT&T's approach raises a host of concerns far more serious than the simple transition of PEG delivery from an analog to a digital format.

III. COMCAST'S TRANSITION TO DIGITAL DELIVERY IS WIDESPREAD AMONG ITS PROGRAMMING SERVICES

It is critical that the Committee understand that our transition to digital delivery is widespread. As noted above, an overwhelming majority of Comcast's programming services are now offered to our customers exclusively in digital.¹⁶ We have enhanced our video platform by

See Office of Consumer Council v. Southern New England Tel. Co., 2007 U.S. Dist. LEXIS 53675 (D. Conn. July 26, 2007).

¹³ *See In the Matter of the Complaint of the Michigan Chapter of the National Alliance for Community Media Seeking Declaratory Ruling relating to a dispute with AT&T – Michigan under the Uniform Video Services Local Franchise Act*, Michigan PSC Case No. U-15366 (filed Aug. 13, 2007). *See also* "Briefing Paper on PEG Support Fees and PEG Channel Requirements," submitted on behalf of the League of Minnesota Cities and Minnesota Association of Cable Telecommunications Administrators, at 16-17 (dated Jan. 4, 2008), available at www.mactamn.org/Articles/FINAL%20MACTA%20LMC%20PEG%20briefing%20paper%201-4-08.pdf. *See also* Kristina Peterson, *Access is difficult on AT&T Cable*, Palo Alto Daily News, <http://www.paloaltodailynews.com/article/2007-12-23-pa-cable-fight>, (Dec. 23, 2007).

¹⁴ Peterson, *supra* note 13.

¹⁵ *Id.*

¹⁶ The number of digital channels on Comcast's Dearborn system today is more than three times the number of analog channels.

launching new services in digital, but we also need to reclaim bandwidth devoted to existing analog services. This process is essential if we are going to offer all of the video products that consumers demand, and if we are going to expand and improve broadband Internet and voice services. Additional capacity is needed for these advanced services to operate at higher speeds and accommodate more customers.

We are, of course, actively exploring a variety of alternate ways to improve our digital performance. Continual improvements in compression technology allow us to push more and more digital product through a fixed amount of digital bandwidth. Switched digital technology promises even greater efficiencies. By limiting the delivery of programming channels to those particular channels being watched by customers within a given node at any given time, switched digital delivery creates a dynamic management structure that promises to maximize bandwidth efficiency. These technologies hold great promise, and Comcast is investing substantial resources to develop and implement them. But these advancements take time. In the meantime, reclaiming analog spectrum is the best means available to maximize our capacity in order to deliver the services that consumers are demanding from us. In any event, the technical improvements being made to digital delivery simply dramatize the superiority of digital delivery and the need to phase out antiquated analog technology.

In 2007, more than two dozen cable networks were moved from analog to digital delivery on various Comcast cable systems. The impact of these digital migrations varied. One network migration affected only 30,000 customers, while another network migration affected 13 million customers. These moves, cumulatively affecting many millions of Comcast subscribers, involved such popular channels as ESPN Classic, Oxygen, MSNBC, Hallmark, MTV2, and C-SPAN2. We face difficult business decisions every day as we reconfigure our line-up to

maximize overall customer satisfaction, but we do our very best to balance competing interests as we make these essential changes. The relative paucity of customer complaints is testament to the extremely high value that our customers place on the extra services that they are receiving as a result of these digital migrations.

At this point, analog PEG channels (which traditionally have a comparatively small – albeit passionate – audience) consume a disproportionately large amount of bandwidth on some of our cable systems. On cable systems where the number of PEG channels is relatively small, this is more manageable. In fact, in these cases, we have even voluntarily increased our existing PEG commitment by *adding* a digital simulcast of the existing analog channels. In most of our cable systems, we have no current plans to change that arrangement.

In those cases where the number of PEG channels is relatively large, however, this is not a viable option. The logical choice in those cases is to replace the analog PEG channels – or at least some of them – with a digital substitute. Even where this may occur, the PEG channels would remain part of the basic service tier and would be available without any additional service fee. We can also work with our local partners both to promote PEG channel changes as a means of increasing viewership and accessibility, and to discuss delivering PEG programming in new and different ways that will interest consumers. We might, for example, explore the option of providing some PEG programming through the use of our popular On Demand platform.

Our operational task is further complicated by a variety of federal laws that limit our ability to manage our bandwidth. Cable systems are now required by law to carry “must carry” broadcast signals.¹⁷ As a result of the FCC’s recent “dual must carry” order, our hybrid analog/digital systems will soon be required to devote even more channel capacity to broadcast

¹⁷ See 47 C.F.R. § 76.56.

programming.¹⁸ These systems will be obligated to offer must carry signals in both digital and analog for a three-year period following the February 2009 broadcast conversion.¹⁹ The FCC also recently announced a dramatic reduction in the rates cable operators can charge unaffiliated “commercial leased access” (“CLA”) programmers who lease channel space on cable systems pursuant to the Act.²⁰ The FCC made it clear that it was deliberately trying to spur commercial leased access activity, which so far has been relatively modest.²¹ CLA programmers, whose programming is not highly desired by our customers, can claim up to 15% of our capacity under current law.²²

These federal carriage mandates, coupled with local PEG requirements, place additional demands on our channel capacity, and, frankly, interfere with our bandwidth efficiency goals. Significantly, we are not trying to solve that problem by unilaterally reducing the number of PEG channels we carry. Rather, we are simply trying to transition some existing PEG channels from analog to digital, while keeping them as part of the basic service tier. This technical conversion promises to preserve the accessibility of PEG channels while also expanding our ability to offer desirable new programming and services.

IV. THE DIGITAL DELIVERY OF PEG CHANNELS IS CONSISTENT WITH FEDERAL LAW

Comcast believes that the digital delivery of PEG channels is consistent with the Act and the legislative history of the 1992 Cable Act. The Act does not explicitly address digital delivery, but federal authorities have encouraged the cable industry’s current migration from

¹⁸ See *Carriage of Digital Television Broadcast Signals: Amendment to Part 76 of the Commission’s Rules (Third Report and Order)*, FCC 07-170 (rel. Nov. 30, 2007).

¹⁹ *Id.* at ¶ 16.

²⁰ “FCC Adopts Rules to Promote Video Programming Diversity,” FCC News (released November 27, 2007).

²¹ *Id.*

²² See 47 U.S.C. § 532(b)(1).

analog to digital. Indeed, the FCC recently found that “an all-digital [cable system] would produce clear, non-speculative public benefits,” including “facilitat[ing] the DTV transition by creating greater incentives for its subscribers to acquire digital television sets” and allowing a cable operator “to reclaim a considerable amount of spectrum within a clearly defined timeframe, which would enable it to provide consumers with advanced telecommunication capabilities, thereby furthering the goals of Section 706.”²³ Moreover, Section 624(e) of the Act expressly precludes state and local authorities from intruding on a cable operator’s discretion regarding transmission technology and the associated use of customer equipment.²⁴

Comcast recognizes that, at least in rate-regulated communities, it has a legal obligation to carry PEG channels on the basic service tier. Section 623(b)(7) of the Act sets forth “minimum contents” of the basic service tier and specifically includes “any public, educational, and governmental access programming required by the franchise.”²⁵ As indicated, digitized PEG channels will remain part of the basic service tier. There will be no additional service fee to obtain this programming.

What may change for a rapidly shrinking minority of Comcast’s customers is that they may need to acquire digital equipment (whether from Comcast or a third party) to view newly digitized PEG programming. Congress has long recognized that cable equipment will sometimes be required to access portions of the basic service tier. Indeed, the rate regulation provisions established in Title VI of the Act expressly require the FCC to prescribe rate regulations

²³ *Bend Cable Communications, LLC d/b/a BendBroadband Request for Waiver of Section 76.1204(a)(1) of the Commission’s Rules*, 22 FCC Rcd 209, ¶¶ 27, 24-25 (2007) (granting a waiver of the Commission’s integration ban to an operator that committed to transition to an all-digital network by February 17, 2009); *see also Consolidated Requests for Waiver of Section 76.1204(a)(1) of the Commission’s Rules*, CS Docket No. 97-80, Memorandum Opinion and Order, DA 07-2921 (2007) (granting same waiver of the Commission’s integration ban to more than 100 additional cable operators and telephone companies).

²⁴ 47 U.S.C. § 544(e).

²⁵ 47 U.S.C. § 543(b)(7).

applicable to “equipment used by subscribers to receive the basic service tier, including a converter box and a remote control unit.”²⁶ The FCC’s implementing rate regulations reflect the fact that separate equipment charges may apply in connection with the receipt of basic service.²⁷

We also note that Comcast has no plans to “scramble” the PEG channels that it delivers with digital technology. This programming will be transmitted in the clear as part of the basic service. If the customer has a digital television set or other digital equipment, no additional set-top boxes will be necessary.

IV. COMCAST IS COMMITTED TO WORKING WITH LOCAL GOVERNMENTS AND PEG PROVIDERS

Our legal rights notwithstanding, we want to assure the Members of this Committee that Comcast is committed to working cooperatively with local governments, as we have done successfully for nearly 45 years. Comcast has a long history of supporting PEG programming. We devote substantial channel capacity to PEG programming and other support as well. In the current marketplace, we recognize that our ability to deliver high quality PEG programming in a high quality manner to our customers can actually be a competitive benefit.

The pending transition of PEG channels to digital delivery does not reflect a loss of support by Comcast for PEG programming. Digitizing PEG channels does not reduce the number of PEG channels we offer. And where we can, we are voluntarily adding a digital PEG simulcast and retaining the original analog PEG channel.

At issue here is whether there is a legal or policy rationale for the government to interfere with the orderly transition of PEG channels from an increasingly outmoded analog technology to

²⁶ 47 U.S.C. § 543(b)(3).

²⁷ See 47 C.F.R. § 76.923 “Rates for equipment and installation used to receive basic service tier.”

state-of-the art digital technology in the most consumer-friendly manner possible, given obvious bandwidth inefficiencies and a highly competitive marketplace.

We appreciate that the transition to a digital-only format might temporarily disrupt the distribution of PEG programming to a shrinking minority of Comcast customers. We are committed to working with our local partners to minimize this disruption and to attempt to provide even greater value PEG programming for our customers. In the end, we are confident that the transition will leave Comcast and PEG providers better situated to serve twenty-first century consumers.

Despite the recent controversy in certain Michigan communities over our digital initiative, Comcast's practice is to meet with local authorities, where necessary, to discuss the digital delivery of PEG channels. Significantly, federal law does *not* compel a particular designation of PEG channels, but leaves that designation to the franchising process.²⁸ In fact, we already have successfully negotiated to transition certain PEG channels to digital in several communities. In Philadelphia, for example, we negotiated an agreement to transition five PEG analog channels to a single analog channel, four digital channels, and some VOD capability. Similarly, in Cook County, Illinois, we negotiated an agreement to deliver a PEG channel exclusively in digital (rather than in analog) to allow for a broader geographic distribution. As a general matter, we are able to resolve these PEG matters on a cooperative basis with local authorities, who increasingly recognize the benefits inherent to digital technology.

It has always been Comcast's intention to address the digital delivery of PEG programming in a reasonable and cooperative manner. In Michigan, our challenge was daunting, as there were certain cable systems with an unusually high number of PEG channels. This fact

²⁸ 47 U.S.C. § 531.

limited our ability to maintain the existing analog delivery. We engaged in an extensive public information campaign this winter to inform customers about our plans to transition PEG channels to a digital format, including individual subscriber notices and more than 50,000 public service announcements. We also committed to providing a free digital set-top box to affected customers for one year. We thought that this voluntary equipment offer would mitigate potential concerns regarding the temporary disruption to PEG delivery.

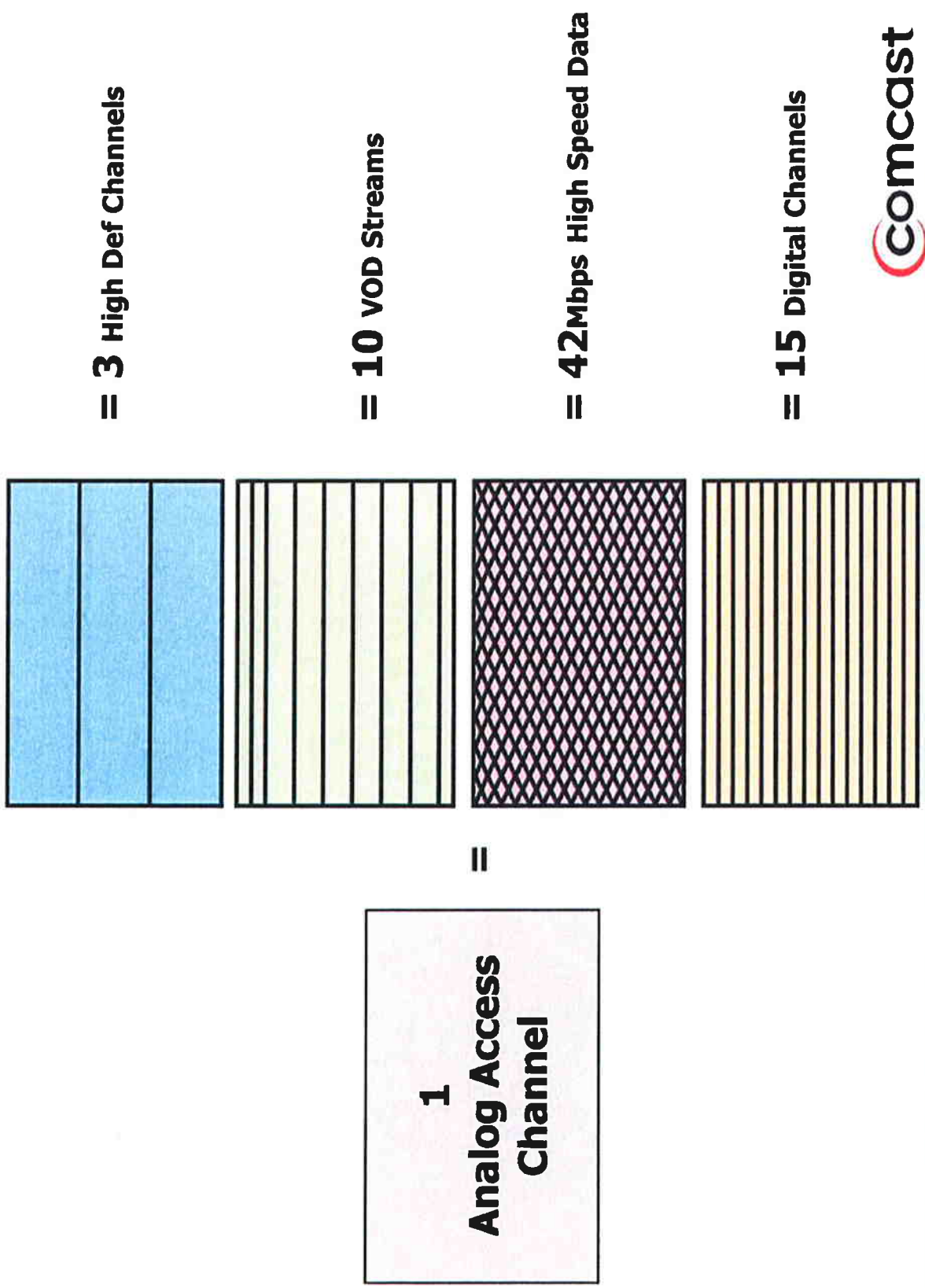
Unfortunately, there was confusion and misunderstanding regarding our digital initiative in Michigan. I sincerely wish we had been able to better communicate our goals and devise a more cooperative transition. As I said earlier, we did not do what we should have done and for that I apologize. As previously noted, we are extremely happy to now be in discussions with local officials in Michigan, and Comcast hopes to quickly resolve this dispute in a way that benefits their citizens and our customers.

CONCLUSION

Thank you again for the opportunity to testify today. I look forward to answering any of your questions.

ATTACHMENT 1

Migration Impact on Customers



ATTACHMENT 2

COMCAST OF THE DISTRICT

900 MICHIGAN AVE. NE
WASHINGTON, DC 20017
(202) 635-5100
www.comcast.com

Payment Center Location:

900 MICHIGAN AVE. NE
WASHINGTON, DC 20017

Hours:

Mon / Wed / Fri: 8am to 6:30pm
Tues / Thurs: 8am to 8pm
Sat: 8:30am to 3pm

Digital Cable

High-Speed Internet

Digital Voice

HDTV

DVR

That's Comcast!



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CHANNEL LINEUP

BASIC EFFECTIVE 3/31/07

Channel Line-Up Subject to change.

ABC Family	6	Disney	48
VERSUS	7	Nickelodeon	47
ESPN 2	8	TV Land	48
ESPN	9	TCM	49
Comcast SportsNet	10	The History Channel	50
Golf Channel	11	A&E	51
WZDC-64 (Telemundo)	12	Hallmark	52
City Cable	13	AMC	53
WFDC-14 (Univision)	14	Lifetime	54
WMDO-47 (Telefutura)	15	HSTV	55
City Cable 16	16	Food Network	56
Discovery Health	17	Oxygen	57
WGN	18	style.	58
WDCA-20 (MY)	20	E! Entertainment Television	59
CN8	21	Bravo	60
MPT-22 (PBS)	22	Sci-Fi Channel	61
WDCW-50 (CW)	23	TNT	62
WRC-4 (NBC)	24	FX	63
WTTG-5 (FOX)	25	Court TV	64
WETA-26 (PBS)	26	USA	65
WJLA-7 (ABC)	27	TBS	66
News Channel 8	28	Spike TV	67
WUSA-9 (CBS)	29	Comedy Central	68
QVC	30	GSN	69
HSN	31	64	70
WHUT-32 (PBS)	32	CMT	71
WPXW-66 (ION Television)	33	VH-1	72
Weather Channel	34	MTV	73
Headline News	35	BET	74
CNN	36	TVOne	75
Fox News	37	TV Guide	76
MSNBC	38	Leased Access	77
CNBC	39	CSPAN	78
Travel Channel	40	CSPAN 2/MASN 2	79
Discovery Channel	41	DCTV (Public Access)	95
MASH	42	DCTV2 (Public Access)	96
TLC	43	Univ. of the District of Columbia	98
Animal Planet	44	DC Public Schools	99
Cartoon Network	45		

LEGEND: Limited Basic | Expanded Basic | Premium Service | Pay Per View | Family Tier

CHANNEL LINE-UP 7

DIGITAL EFFECTIVE 3/31/07

Channel Line-Up Subject to change.

Weatherscan Local	DC	101	InDemand Previews	OC	196
ESPNNews	DC	102	Comcast IN Demand	PPV	197
C-SPAN 2	B	104	Comcast IN Demand	PPV	198
C-SPAN 3	DC	105	WETA Create (PBS)	B	200
Bloomberg	DC	108	WETA Family (PBS)	B	201
Current TV	DC	107	WETA World (PBS)	B	202
Fox Reality	DC	108	Doug Hill's Weather Now	B	204
Nat'l Geographic Channel	OC/FT	109	MHz Worldview	B	205
The Science Channel	OC/FT	110	WDCW-The Tube	B	207
Discovery Times	DP	111	NBC Weather Plus	B	208
MILitary Channel	OP	112	WJLA-HD (ABC)*	B	210
Discovery Home	DP	113	WRC-HD (NBC)*	B	211
BBC America	OP	114	WUSA-HD (CBS)*	B	212
Biography Channel	OP	115	WTTG-HD (Fox)*	B	213
History International	OP	116	WDCW-HD (CW)*	B	214
WE	OP	117	WETA-HD (PBS)*	B	220
Lifetime Movie Network	OP	119	National Geographic HD*	OC	224
SOAPnet	DC	120	Discovery HD*	DC	225
DIY	OP/FT	121	INHD1*	OC	226
Fine Living	OP	122	HBO HD*	P	228
PBS Kids Sprout	OC/FT	128	MHD*	P	229
Nick Toons	DC	129	Cinemax HD*	P	233
Discovery Kids	OC/FT	130	Showtime HD*	P	238
Noggin	DC	131	Starz! HD*	P	248
Nick 2	OP	132	TNT HD*	DC	249
Nick Games and Sports	DC/FT	133	Universal HD*	DC	250
Encore WAM!	OP	134	Comcast SportsNet HD*	OP	251
Toon Disney	OC/FT	135	ESPN HD*	DC	252
MTV Hits	OP	139	ESPN 2 HD*	OC	253
MTV 2	DC	140	Versus/Golf HD*	OC	254
MTV Tr3s	OP	141	Fox College Sports - Atlantic	SEP	262
MTV Jams	OP	142	Fox College Sports - Central	SEP	263
VH-1 Classic	DC	143	Fox College Sports - Pacific	SEP	264
VH-1 Soul	OC	144	ESPN Classic	OP	265
CMT Pure Country	DP	145	Fox Soccer Channel	SEP	267
CMT	OC	146	Gol TV	SEP	288
GAC	OC	147	Speed Channel	SEP	271
MOVIEplex	OC	149	NBA TV	SEP	273
Encore	DC	150	CSTV	SEP	274
Encore (W)	OC	151	NFL Network	SEP	275
Encore Action (E)	DP	152	Tennis Channel	SEP	277
Encore Action (W)	DP	153	Home Preview Channel	DC	281
Encore Mysteries (E)	DP	154	WHVT-DT1(MHz2)	B	283
Encore Love Stories (E)	DP	156	TBN	OC	290
Encore Love Stories (W)	DP	157	EWTH	DC	291
Encore Drama (E)	DP	158	The Black Family Channel	DC	293
Encore Westerns (E)	DP	160	The Word	DC	294
Encore Westerns (W)	DP	161	INSP	DC	295
LOGO	DP	163	Bollywood On Demand	SVOD	298
Independent Film Channel	DP	164	HBO HD*	P	300
Sundance	DP	165	HBO (E)	P	301
FEARnet	B	166	HBO 2 (E)	P	302
IndiePlex	DP	167	HBO Signature (E)	P	303
RetroPlex	DP	168	HBO Family (E)	P	304
Flix (E)	DC	170	HBO Comedy (E)	P	305
Flix (W)	DC	171	HBO (W)	P	308
BET Jazz	DC	174	HBO 2 (W)	P	307
NFL Network	DP	180	HBO Signature (W)	P	308
MHz 3 France 24	B	186	HBO Family (W)	P	309
GMC	DC	189	HBO Zone (E)	P	310
AZN TV	DC	191	HBO Latino (E)	P	311

HBO Latino (W)	P	312	Singers & Standards	DMC	426
Cinemax HD*	P	319	Big Band & Swing	DMC	427
Cinemax (E)	P	320	Easy Listening	DMC	428
MoreMax (E)	P	321	Smooth Jazz	DMC	429
Cinemax (W)	P	322	Jazz	DMC	430
More Max (W)	P	323	Blues	DMC	431
ActionMax (E)	P	324	Raggae	DMC	432
Thriller Max (E)	P	325	Soundscapes	DMC	433
Action Max (W)	P	326	Classical Masterpieces	DMC	434
WMax (E)	P	327	Opera	DMC	435
@Max (E)	P	328	Light Classical	DMC	436
5 Star Max (E)	P	329	Show Tunes	DMC	437
Outer Max (E)	P	330	Contemporary Christian	DMC	438
Showtime HD*	P	339	Gospel	DMC	439
Showtime (E)	P	340	Radio Disney	DMC	440
Showtime Teen (E)	P	341	Sounds of the Seasons	DMC	441
Showtime Showcase (E)	P	342	Musica Urbana	DMC	442
Showtime (W)	P	343	Salsa Merengue	DMC	443
Showtime Too (W)	P	344	Rock 'En Español	DMC	444
Showtime Showcase (W)	P	345	Pop Latino	DMC	445
Showtime Beyond (E)	P	346	Mexicana	DMC	446
Showtime Extreme (E)	P	347	Howard Stern On Demand	SVOD	495
Showtime Extreme (W)	P	348	WWE ON DEMAND	SVOD	496
Showtime Beyond (W)	P	349	InDemand Previews	DC	500
The Movie Channel (E)	P	350	Comcast IN Demand	PPV	501
The Movie Channel (W)	P	351	Comcast IN Demand	PPV	502
The Movie Channel Xtra (E)	P	352	Adult On Demand	PPV	548
The Movie Channel Xtra (W)	P	353	Playboy	PPV/P	544
Starz! HD*	P	369	Spica XCESS	PPV	547
Starz! (E)	P	370	TEN	PPV	548
Starz!Edge (E)	P	371	Azteca America	CL	600
Starz! In Black (E)	P	372	Discovery Espanol	CL	601
Starz! Kids & Family (E)	P	373	CNN Espanol	CL	602
Starz! Cinema (E)	P	374	Fox Sports en Espanol	CL	603
Starz! Comedy (E)	P	375	ESPN Deportes	CL	604
Starz! (W)	P	376	MTV Tr3s	CL	605
Starz! Cinema (W)	P	380	History Channel Espanol	CL	606
Showcase	DMC	401	Toon Disney Espanol	CL	607
Today's Country	DMC	402	Cine Latino	CL	608
Classic Country	DMC	403	VeneMovies	CL	609
Bluegrass	DMC	404	Cine Mexicano	CL	610
R&B and Hip Hop	DMC	405	Gol TV	CL	622
Classic R&B	DMC	406	Canal 52 MX	CL	652
Smooth R&B	DMC	407	MHz 2 Russian TV	B	657
R&B Hits	DMC	408	TV Asia	P	665
Rap	DMC	409	Zee TV	P	668
Metal	DMC	410	MHz 4 Nigerian TV Authority	B	677
Rock	DMC	411	The Africa Channel	OP	678
Arena Rock	DMC	412	RAI (Italian Television)	P	679
Classic Rock	DMC	413	TV5 (French Television)	P	688
Alternative	DMC	414	Sports PPV	PPV	701-708
Retro-Active	DMC	415	NBA TV	DSP	749
Electronica	DMC	416	NBA Previews	PPV	750
Dance	DMC	417	NBA League Pass	PPV	751-759
Adult Alternative	DMC	418	NHL	PPV	771-780
Soft Rock	DMC	419	Digital Cable And Me	DC	900
Hit List	DMC	420	ON DEMAND Help	DC	906
Party Favorites	DMC	421	Comcast Internet Help	DC	912
90's	DMC	422			
80's	DMC	423			
70's	DMC	424			
Solid Gold Oldies	DMC	425			

* Not the 100% cable version as required Comcast HD converter. In some areas channels not available in all Comcast areas. A digital converter is required to receive any channel 105-999.

LEGEND: B = Basic; OC = Digital Classic; SVOD = Digital Music Channel; P = Premium; DP = Digital Plus; SEP = Sports Entertainment Pack; CL = Cable Latino; FT = Family Tree; SVOD = Subscription Video On Demand; PPV = Pay Per View; HD = High Definition TV; (E) = East Coast Feed; (W) = West Coast Feed

8 CHANNEL LINE-UP

ATTACHMENT 3



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