



Consumer Electronics Association

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July 12, 2002

The Honorable Michael Powell  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Room 8-B201  
Washington, DC 20554

Dear Chairman Powell:

The consumer electronics industry applauds you for your vision, leadership and dedication to the transition to digital television (DTV).

In response to your call for voluntary industry actions to speed the transition, Consumer Electronics Association (CEA) members put forward the following voluntary measures, which we believe best promote our mutual goal of bringing broadcasters' digital television service into consumers' homes as rapidly as possible and in the most cost effective and consumer friendly manner:

- The majority of CEA members who sell digital television products in the U.S. will offer for sale at least one set-top box that can receive ATSC broadcasts and output both NTSC and ATSC signals, by December 31, 2003. This will enable consumers who may wish to rely on an over-the-air broadcast signal to do so at the lowest possible cost of entry.
- The consumer electronics industry will aggressively promote these set-top boxes through point-of-sale promotions and a national public awareness campaign. We invite the participation of other industries in this promotional effort.
- Every CEA member who sells digital televisions in the U.S. commits to include ATSC tuners in digital cable compatible televisions. Our members commit to introduce such products within 18 months following the cable industry's implementation of an open, national and fully-featured "plug-and-play" cable standard. This standard must support services currently available to and expected by consumers, such as electronic program guides (EPGs) and simple impulse pay-per-view (IPPV), and provides fair and reasonable license terms which preserve established home recording rights.
- Every CEA member who sells digital televisions in the U.S. commits to using digital inputs (e.g. 1394/5C and/or DVI/HDCP) in new large screen DTV models introduced

after December 31, 2003. We ask the FCC to seek assurances from cable operators that cable set-top boxes will also include both DVI/HDCP and 1394/5C.

- In response to your request regarding integrated ATSC tuners in all televisions, a number of leading television manufacturers are committed to phasing in ATSC tuners in their product lines. As these remain intensely competitive and market-driven decisions, we urge you to contact individual television set manufacturers directly for more information on their specific plans.

CEA's membership is comprised of companies that sell a wide range of television products. Some manufacturers specialize in high-end high definition television (HDTV) displays. For these companies, integration of ATSC tuning and decoding may be a natural progression of their advanced product line. Other manufacturers may serve a larger share of the television marketplace, offering relatively inexpensive analog TV sets as well as some HDTV models. For these manufacturers, the addition of ATSC tuning and decoding capability in virtually every TV set would result in a major cost increase and would jeopardize the consumer market for many models. While some CEA members, of their own accord, will include ATSC tuners and decoders in an increasing number of models, CEA remains convinced that a successful DTV transition is dependent on the adoption and implementation of a nationwide standard for sending HDTV over cable.

To that end, we believe our approach benefits American consumers in a number of important ways and will significantly aid the DTV transition. First, this approach specifically addresses the needs of the ten percent of viewers who rely on over-the-air transmission. We are concerned that the inclusion of an ATSC tuner in nearly every television would substantially increase the cost of an average analog TV and would be unfair to the vast majority of Americans who do not rely on an over-the-air signal for their video programming.

Second, rather than forcing over-the-air viewers to purchase a new television to enjoy the benefits of DTV, under this approach consumers will have the option of initially purchasing only a set-top box. If consumers desire to upgrade to an DTV or HDTV monitor, their investment will not be wasted, as they will be able to plug their set-top box into a compatible monitor to enjoy a DTV or full HDTV service. Our approach would ensure that Americans continue to have product choices to meet their interests and needs—specifically, a wide range of televisions with varying features and prices.

Finally, our approach reflects the critical importance of compatibility between digital cable systems and availability of DTV products and, in particular digital televisions. CEA believes the current lack of compatibility is the single largest remaining obstacle to the DTV transition. Indeed, more than 70 percent of Americans currently receive their primary video signal through cable. Fully one-half of cable consumers opt not to use a cable set-top box and instead choose to rely on their "cable ready" televisions. Therefore our voluntary agreement to include an ATSC over-the-air tuner digital cable compatible televisions provides CE manufacturers with a strong economic incentive to deploy integrated DTV receivers.

For this initiative to succeed, however, cable operators must have similar incentives to resolve outstanding business and licensing issues necessary to assure competitive availability of cable products required by Section 304 of the Telecommunications Act. The Commission could play a helpful role by ensuring cable operators rapidly implement and universally support the necessary compatibility standards in cable systems. CEA believes that the majority of the necessary technical standardization work has been completed, and what remains are difficult, but not necessarily time-consuming, licensing and implementation issues.

We are gratified by the National Cable & Telecommunications Association's May 1 declaration that cable operators would "immediately" place orders for integrated HD set-top boxes that would be available at retail. Since the cable industry is aware that consumer electronics manufacturers market products on a national basis, we are hopeful that the May 1 letter signals the cable industry's commitment to immediately implement and rely on the existing standards needed for the national retail market for portable "plug-and-play" cable products envisioned by Congress and the FCC.

We believe that the voluntary measures outlined in this letter to be taken by the consumer electronics industry respond to your challenge, address the all-important issue of cable compatibility and are pro consumer in every way. We firmly believe these measures will significantly accelerate the DTV transition. We look forward to working cooperatively with you and the other industries you have identified, and commend you for your commitment to this critical issue.

Sincerely,



Gary Shapiro  
President and CEO

Cc: The Honorable Kathleen Abernathy, FCC  
The Honorable Michael Copps, FCC  
The Honorable Kevin Martin, FCC  
The Honorable Ernest F. Hollings, US Senate  
The Honorable Billy Tauzin, House of Representatives  
Kenneth R. Ferree, Chief, Media Bureau, FCC  
Rick Chessen, Chair, Digital Television Task Force  
Susan Eid, Office of Chairman Powell  
Stacy Robinson, Office of Commissioner Abernathy  
Susanna Swerling, Office of Commissioner Copps  
Catherine Crutcher Bohigian, Office of Commissioner Martin  
Robert Sachs, NCTA  
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