Comcast

Comcast Cable Communications, Inc.
1500 Market Street
Philadelphia, PA 19102

January 7, 2008

The Honorable John D. Dingell
Chairman
Committee on Energy and Commerce
United States House of Representatives
Washington, D.C. 20515-6115

Dear Chairman Dingell:

Thank you for your letter dated December 21, 2007, regarding public, educational, and governmental access channels (commonly referred to as "PEG channels"). Like you, we appreciate the important role that PEG channels can play in informing local communities, not only in Michigan but also throughout the United States. Your letter raises several issues relating to our decision to deliver PEG channels in a digital format. We appreciate the opportunity to respond.

In your letter, you indicated that it is your understanding that many Comcast subscribers will be required to have an additional piece of cable equipment from Comcast in their homes in order to view PEG channels in a digital format. While it is true that some customers may need additional equipment to view the PEG channels, most will not. First, over half of our customers in Michigan already have digital service – and this number continues to grow. Second, many customers have their own digital televisions or other consumer electronics equipment capable of viewing digital channels without a set-top box. However, to help ease the transition for those customers who need additional equipment, we are offering a free Comcast set-top box for one year. We believe we have substantially reduced the number of customers who may actually need additional equipment. We assure you that we are doing everything we can to make this transition easy and affordable.

Your letter also noted concern that Comcast was moving the PEG channels to its digital tier of service in many Michigan communities – which would require consumers to pay for a higher level of service. It is important to clarify that all PEG channels will remain on the basic service tier. We are not moving them to a digital or higher priced tier, nor are we planning to change the composition of the basic service tier. Instead, we are merely changing the *format* in which some components of the basic service tier are delivered (i.e., from analog to digital). Customers who choose to take only our most basic level of service receive all local PEG channels as part of that basic service today, and they will continue to receive those PEG channels on the basic service tier when they are digitized. The basic service tier will not have changed, nor will customers need to purchase any additional level of programming other than the basic tier to receive PEG channels.

From a public interest perspective, we think our actions will ultimately benefit the vast majority of our customers in Michigan. For example, by reclaiming the analog spectrum traditionally used for PEG, we will be able to offer more high-definition channels, more video-on-demand, and faster broadband services. Consumer demand for these services is very strong, and by increasing their availability, we are, in fact, being very consumer friendly. Moreover, carrying PEG channels in digital format will mean that the picture quality of PEG channels will be enhanced, and the channels will be grouped together in a uniform fashion so it will be easier for viewers to find them no matter where they reside in the state.

We are trying to make this transition simple and low-cost for everyone. In addition to our one-year free set-top box offer, we are conducting an extensive public information campaign to tell consumers that their PEG channels are now available in digital format, including customer notices by mail, notices in Michigan newspapers, and public service announcements on our local cable systems. We believe more of our consumers will know what PEG channels are and where to find them, thanks to these efforts.

It is also important to put our decision to deliver PEG channels digitally in a broader competitive context. Nearly three out of ten multi-channel video customers today choose to receive their service from direct broadcast satellite (DBS) providers. Those competitors offer all of their signals in digital, which is much more bandwidth efficient. They require all of their customers to have expensive set-top boxes. And they provide no local PEG programming, nor do they provide any financial support for local PEG programming.

Similarly, AT&T – which has more revenues and a larger market capitalization than the entire cable industry combined – in most instances provides *no* PEG channels as part of its competitive video service. In fact, in Michigan, AT&T commonly refuses to submit to PEG carriage obligations. And even when it does carry PEG programming, AT&T requires its customers to have set-top boxes to receive PEG, it offers PEG only in an "on-demand" format (not as linear channels), and it often imposes additional costs on the local communities associated with delivering PEG programming.

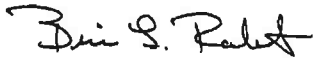
To compete effectively with DBS and with phone companies entering the business in Michigan, it is only fair that we have somewhat of a level playing field. We are proud of our PEG commitments and have no desire to cut back on them. But we must expedite the return of analog spectrum, so that we can offer more video channels, more high-definition programming (including that of local broadcasters), and other advanced services that consumers demand.

I hope I have provided a useful explanation of our decision to deliver PEG channels in a digital format. I would also note that our decision is consistent with the Communications Act of 1934, as amended, and the legislative history of the Cable Television Consumer Protection Act of 1992. For example, the 1992 Act and its legislative history expressly recognize that customers may need equipment to receive basic service. In particular, the 1992 Act required the FCC to prescribe rate regulations applicable to "equipment used by subscribers to receive the basic service tier, including a converter box and a remote control unit…." 47 U.S.C. 543(b)(3). Similarly, the accompanying

Conference Report explains that the statutory provision was refashioned so as to regulate not only cable equipment that is absolutely "necessary" to receive basic service, but also cable equipment that is simply "used" to receive basic service. Conference Report at 64. In light of this history, and given the current competitive environment in the video distribution market, we believe our rate for additional set-top boxes is reasonable and consistent with current law.

We recognize the important role that PEG channels can play in promoting diversity and localism. We will diligently work with local governments in Michigan to ensure that PEG channels are available to all of our cable subscribers, consistent with Congressional intent, while taking account of important institutional and consumer needs. I hope this clarification is useful. And we are available to discuss any additional questions or concerns that you or your staff might have at your convenience. Please feel free to call David Cohen or me to follow up.

Cordially,



Brian L. Roberts
Chairman & CEO

BLR/lmf

cc:
The Honorable Jennifer Granholm, Governor, State of Michigan
The Honorable John C. Hieftje, Mayor, City of Ann Arbor, Michigan
The Honorable Joe Barton, Ranking Member, Committee on Energy and Commerce
The Honorable Edward J. Markey, Chairman, Subcommittee on Telecommunications and the Internet
The Honorable Cliff Stearns, Ranking Member, Subcommittee on Telecommunications and the Internet
The Honorable Kevin J. Martin, Chairman, Federal Communications Commission
The Honorable Jonathan S. Adelstein, Commissioner, Federal Communications Commission
The Honorable Michael J. Copps, Commissioner, Federal Communications Commission
The Honorable Deborah Taylor Tate, Commissioner, Federal Communications Commission
The Honorable Robert M. McDowell, Commissioner, Federal Communications Commission