

January 28, 2013

**EX PARTE**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re: Charter Communications, Inc.'s Request for Waiver of Section 76.1204(a)(1)  
of the Commission's Rules, CSR-8740-Z, MB Docket No. 12-328**

Dear Ms. Dortch:

In this proceeding, Charter seeks a waiver to deploy set-top boxes that support downloadable security but also include integrated security, rather than a CableCARD. These bilingual devices will speak legacy security while Charter stands up the downloadable security architecture, after which they can speak the new security.

The waiver would assure that Charter's limited technology and financial resources would be invested wisely and directed to the new security. The costs and resources for adding a CableCARDs to set-top boxes would be significant. The Media Bureau has estimated the added cost of a CableCARD to be \$56.<sup>1</sup> Charter's experience is that the cost of including a CableCARD and card interface in its current set-top boxes is in the \$40 to \$50 range. However, in the case of devices which support downloadable security, the added cost of a CableCARD and card interface is even greater. Specifically, the cost difference between a downloadable security device that includes CableCARD and a card interface and a downloadable security device that has integrated security (the device for which Charter seeks a waiver) is approximately 40% more than the cost difference between non-downloadable devices with a CableCARD and card interface and a non-downloadable device without a CableCARD. The reason for the significant differential is that the technology and price of the box for which Charter seeks a waiver have been built from a non-US set-top with integrated security to which downloadable security has been added. Redesigning that device to include a CableCARD and card interface not only adds the cost of those items, but increases costs even further by removing the development base of a set-top box in use outside of the US and the pricing discipline that comes from the availability of a competing world market. Another substantial expense that would be incurred by having to

---

<sup>1</sup> See *James Cable, LLC et al., Requests for Waiver of Section 76.1204(a)(1) of the Commission's Rules*, Memorandum Opinion and Order, 23 FCC Rcd 10592, ¶ 9 n.30 (2008) (a CableCARD adds an average of about \$56 in cost to a set-top box).

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
January 28, 2013  
Page 2

redesign around a CableCARD is the cost of more development time. Charter is prepared to begin the downloadable security project with the proposed waiver box immediately upon grant of a waiver. If a waiver is not granted, Charter has explained that it “will be unable to launch this new, pro-consumer technology for the foreseeable future due to the lack of an affordable, available set-top box that can simultaneously support both security systems.” But even if a manufacturer were able to unexpectedly propose an affordable price for such a new CableCARD/downloadable set-top box, we estimate that it would need at least six months to design such a device, further delaying Charter’s transition.

Even a \$40 cost increase in a set-top box would add \$40 million of unnecessary cost for every million set-top boxes, and the cost would be even greater for downloadable security/CableCARD devices specially designed for Charter. The imposition of these higher costs on consumers would erect higher hurdles for technology investments with no benefit. Moreover, this extra cost would compound the already significant difficulty that Charter faces in attempting to transition to an all-digital network across more than 190 headends in twenty-five states, which pass a median of 23,000 homes, and have far fewer subscribers per headend than its peers. To be able to afford the costs of this transition and upgrade to downloadable security, Charter needs to take advantage of the more efficient and less costly downloadable security devices that do not include an unnecessary CableCARD and card interface.

Very truly yours,

/s/

Paul Glist  
Counsel for Charter Communications, Inc.

cc: Bill Lake  
Michelle Carey  
Mary Beth Murphy  
Alison Neplokh  
Brendan Murray  
Adam Copeland