



December 11, 2014

Senator Edward J. Markey
218 Russell Senate Office Building
Washington, DC 20510

Senator Richard Blumenthal
724 Hart Senate Office Building
Washington, DC, 20510

Dear Senators Markey and Blumenthal:

I am writing in response to your November 20, 2014, letter asking for information about the set-top boxes we provide to customers for use with our cable services.

(1) How many of your customers lease set top boxes from your company?

The majority of our 2.4 million customers lease set-top boxes and digital transport adaptors from Bright House Networks (BHN). Digital transport adaptors (DTAs) are devices with a limited set of functionalities that permit consumers to receive digital services on older display equipment that they do not wish to replace. The precise figure is not publicly available.

In addition, BHN makes its services available to a wide variety of customer-owned devices via IP-based applications without relying upon CableCARDs or set-top boxes. The BHTV app offers service on iPads, iPhones, and Android devices; and through Internet Explorer, Firefox, Safari and Chrome browsers on PCs and Macs. The BHTV app offers DVR control, an interactive guide, search, and live TV, essentially turning a consumer's computer or mobile device into another room in the home for watching TV. Of course, BHN also supports retail CableCARD-enabled set-top boxes by providing CableCARDs on request, but these innovative "app" approaches to delivering MVPD services have been far more successful in creating consumer choice and technological innovation.

Regardless of whether consumers choose to lease or buy their own equipment, they are valued customers and we are strongly motivated to attract, retain and serve each customer's needs in a highly competitive video market. We plan to continue supporting third-party devices and expanding our apps.

a. What percentage of your customers leases one or more set top boxes from your company?

The majority of our customers lease set-top boxes and DTAs. BHN is a privately-held company and this information is not publicly available.

b. On average, how many set top boxes per household do customers lease from your company?

This information is not publicly available.

c. In total, how many set top boxes are leased from your company?

We have 3,850,734 set top boxes and DTAs in service.

(2) What is the monthly leasing cost of each type of set top box that your company offers? Please list each box and monthly retail lease price separately.

Our rate card rates for set-top boxes are:

Cable Box with Remote	\$8.00
Limited Service Cable Box	\$1.00
Parental Control Cable Box	FREE
CableCARD	\$2.95
Digital Adapter	\$2.00
Tuning Adapter	FREE

Cable operators do not own any of their set-top box vendors. We buy set-top boxes supplied by a growing number of consumer electronics manufacturers that are unaffiliated with us or with other cable operators. We rent these to consumers at rates that are calculated using FCC rate rules. FCC rate rules allow cable operators to only recover the aggregate cost of boxes, maintenance, and a regulated rate of return on investment.

Some of our customers lease set-top boxes that are included in discounted bundles with multiple services or as part of promotional packages. When customers use a retail device rather than a leased device to receive the services in the bundle, we provide a discount of \$5.05, which is the monthly rental fee reasonably allocable to the lease of the set-top box in the bundle.

By comparison, a customer who buys a mid-range Roamio Plus for \$399 must continue to pay TiVo a monthly service fee of \$14.99 (\$19.99 without a commitment).

a. How much does an average customer spend per month to lease set top boxes for their household from your company?

This information is not publicly available.

(3) What was the total revenue your company earned from leasing set top boxes to customers in fiscal year 2014?

This information is not publicly available.

(4) Is it possible for customers to purchase a set top box directly from your company?

No

a. If yes, what percentage of your customers buys rather than rents a set top box directly from your company? What is the cost of each type of set top box your company offers for purchase? Please list each type of box and its corresponding price separately.

Not applicable

b. If no, why not?

In a 2001 "retail initiative" proposed to the FCC, the cable industry offered to encourage their set-top box suppliers to make the same digital set-top boxes available at retail for consumers to buy. Cable operators offered to provision and support such boxes on their systems, and to buy them back if the consumer was moving to another home or to another MVPD where that set-top box would not work. This would have addressed concerns over how much or how long consumers pay for leased boxes. The Consumer Electronics Retailers Coalition blocked that initiative at the FCC in the course of a rulemaking.

(5) If a consumer chooses to purchase their own set top box from a company different than yours, does your company require the consumer to pay any installation or support costs separate from those levied on customers who simply lease a set top box from your company?

No

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Miron".

Steve Miron
Chief Executive Officer