



Cox Communications
1400 Lake Hearn Dr
Atlanta, Georgia 30319

December 11, 2014

The Honorable Edward J. Markey
The Honorable Richard Blumenthal
United States Senate
Washington, DC 20510

Dear Senators Markey and Blumenthal:

Thank you for your letter to Pat Esser, President of Cox Communications, dated November 20, 2014, expressing support of consumer choice when it comes to accessing the vast array of video services provided by Cox. Cox has been and continues to be committed to meeting demand for TV how, when and where our customers want it, and has embraced and advanced innovations in technology that has made this proposition a reality today.

Cox submits that the goals of Section 629 of the Communications Act have not only been met but surpassed in ways that were not contemplated at the time of its enactment. Driven by consumers, the marketplace has reacted and delivered much more than the narrowly constructed original goal of Section 629 – competition in the set top box market. Consumer demand has spawned a wide array of new innovations and products, including tablets, PCs, smartphones, DVRs, and gaming consoles. At Cox we are responding to the demands for these innovations by leveraging new technology to deliver Cox video and other video services for viewing on a growing number of retail devices.

Below you will find Cox's response to your questions regarding set top box options that we make available to our customers wishing to lease equipment from Cox. We also highlight the range of other options that Cox supports for its customers that choose to view Cox video services with equipment they purchase at retail. In many cases, customers are taking advantage of a combination of options to derive the benefits of each – whether it is mobility, recording and storage capacity, recommendation engines and/or home networking. Our steadfast goal is to support the optimal viewing experience for our customers – something that we recognize can be unique for every household and even each individual within the household.

Cox notes that, as a privately-held company, much of the information requested is not public data and is competitively sensitive. Information that is public or can be discerned from publicly available information is provided. Cox also notes that it participates in confidential FCC data filings, such as the FCC Form 325 annual collection, that help inform the *Video Competition Report* published periodically by the FCC. This report has consistently highlighted rapidly growing competition in the video marketplace.



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Questions and Responses

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

Cox is a privately-held company and does not disclose this type of confidential, proprietary and competitively sensitive information regarding our subscriber numbers. And while there are a large number of our residential customers that choose to lease equipment from Cox, there are also several other options for customers to choose from in order to access Cox video services.

Cox is widely leveraging IP technology to deliver video service via its Contour and TV Connect apps, with access to live linear and on demand video content on iPads, PCs, Macs and Android tablets for customers to view in their home. Cox customers also have the ability to view authenticated content from seventy-six (76) networks anywhere in the United States via broadband connected devices with Flash and authentication capabilities.

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

See above.

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

See above.

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

Cox is leasing approximately 5.3 million set top boxes to customers across its footprint.

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.

Provided below are the standard monthly residential retail rates for leasing the various set top boxes that Cox provides, as reflected in customer rate cards that we publish:

Product Description	Rate*	
Advanced TV Receiver	8.50	
HD Advanced Receiver	8.50	
Advanced TV HD Receiver	8.50	
Advanced TV DVR Receiver	8.50	
Advanced TV HD DVR Receiver	8.50	
Contour Receiver	8.50	
Contour Record 6 Receiver	8.50	
Contour Receiver	8.50	
Mini Box	1.99	Recently deployed in CT market

* Cox notes that many customers do not pay standard prices for equipment due to customary discounting and promotions.

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

Cox is a privately-held company and does not disclose the confidential, proprietary and competitively sensitive information requested. Therefore, we refer you to the publicly available information provided above concerning the standard monthly leasing cost of each type of set top box Cox provides, recognizing that many Cox customers are leasing equipment at discounted rates. For additional information responsive to your request, we also refer you to the FCC's most recent *Statistical Report on Average Rates for Basic Service, Cable Programming Service, and Equipment*.

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

Cox is a privately-held company and does not disclose the confidential, proprietary and competitively sensitive information requested.

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

- b. *If no, why not?*

Cox has sold set top boxes in the past in various markets but due to the lack of consumer interest, we suspended those efforts and are not currently offering set top boxes for sale. Cox also observes that, despite industry support of CableCARDs and tru2way, the consumer electronics industry has in large part focused its efforts on other technologies such as SmartTVs and mobile devices. Cox further notes that in 2001, there was a "retail initiative" proposed by the cable industry to the FCC 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 particular set-top box would not work. The Consumer Electronics Retailers Coalition blocked this 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. Cox complies with Section 76.1205(b) of the FCC Rules and makes available to our customers with third-party CableCARD-compatible retail devices, CableCARD self-installation kits. Cox customers may also request a professional CableCARD

installation. Installation charges for CableCARDS are consistent with those charges for set top boxes.

Senators Markey and Blumenthal, on behalf of Cox, I hope this letter provides a clear picture that innovation and technology is doing for set top box retail competition what regulation could not. Today's marketplace for video devices reflects the many strides that have taken place to ensure that consumers have more choices than ever in how they access video services. Cox has continued to evolve its technology platforms and service offerings to meet the dynamic expectations of our customers.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Hightower". The signature is written in a cursive style with a large initial "J".

**Jennifer Hightower
SVP, Law & Policy
Cox Communications, Inc.**