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CABLE SUBSCRIBERS TO BE HIT WITH NEW FEE AS NEW FCC RULE COULD REQUIRE A SET-TOP BOX ON EVERY TV

(BOSTON, Dec. 4) – The way you watch television may be changing again. A little-noticed FCC order adopted in October will allow cable television operators to scramble the signal of local TV stations on basic cable and thus force customers who have TVs without set-top boxes to rent one for each set just to keep watching those channels.

For years, cable subscribers have been able to watch local stations and basic cable on high definition televisions merely by plugging the cable directly into their set without the need for a cable box. Most HDTVs have a built-in QAM tuner that is able to tune in those unencrypted stations in high definition on unconventional channel numbers such as 4.1 or 39.2. The FCC had previously prohibited these local signals from being scrambled, but that <u>rule</u> is changing effective December 10. This will allow remote activation/deactivation of service, saving house calls, says the FCC.

"The FCC has once again found a way to pick the pockets of cable customers," commented Consumer World founder Edgar Dworsky. "Millions of new televisions that operated just fine providing high definition programming up until now will have to be retrofitted with costly boxes just to watch the very same local stations. The contention by the FCC that this change will only 'adversely affect a small number of cable subscribers' is ludicrous."

The new rule is expected to primarily affect secondary televisions in many households – the ones in the den, kitchen, bedroom or guest room -- which are less likely to have a cable box or DVR already attached to them. According to Nielsen, 65.9 million households have three or more TVs. Dworsky himself has three HDTVs and a TV tuner in his PC that will each require a new cable box.

To temporarily offset the cost and inconvenience to affected customers, the FCC is requiring cable operators to provide two free converter boxes to customers with basic-only service for a period of two years, and to offer one free box for one year to customers subscribed to higher tiers of service. Nothing in the FCC rule, however, seems to require that these free boxes transmit a high definition signal that customers are enjoying today without a box. After the free period, subscribers will be forced to rent a box (currently about \$10 a month for an HD box), buy a box if any come to market (but it will require the monthly rental of a CableCARD), or go back to using rabbit ears.

The new FCC rule, which only applies to cable systems that are all digital, permits, but does not require companies to encrypt basic cable. Dworsky is hoping that a public outcry will prompt the FCC to suspend its rule, and convince cable operators not to scramble basic channels so subscribers can continue to receive local HD programming without having to rent a cable box.

"This will be a good test to see which cable companies really care about their customers and which care more about their bottom line," said Dworsky.