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May 22, 2002

Ms. Marlene Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445-12th Street SW
Washington, DC 20554

Re: Reply Comments Of Intertainer, Inc. in the Notice of Proposed Rulemaking In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers (CC Docket Nos. 01-338, 96-98, and 98-147)

Dear Ms. Dortch:

Pursuant to Section 1.415 of the Commission's Rules,¹ Intertainer, Inc. ("Intertainer") hereby submits the following reply comments in the Commission's above-referenced Notice of Proposed Rulemaking.

Intertainer is a California-based provider of digital entertainment products. The company, which was started in 1996, has licensed content from 65 different media companies including major movie studios such as Warner Bros., DreamWorks and MGM, and television networks such as NBC, ESPN, The Discovery Channel, PBS, The BBC, and A&E. In addition, we also feature concerts and music videos from all of the affiliate labels under the Warner Music Group and EMI banners.

Our experience in delivering these digital products, however, indicates that a very large percentage of current-generation broadband subscribers lack the ability to receive digital products in quality fashion. Specifically, roughly half of broadband users who try to download a movie from Intertainer are unable to do so because their DSL or cable modem connection is too slow, delivering less than the minimum 500 kilobits-per-second of sustained speed, which we require in order to receive our movies in a quality fashion.

Because the delivery of video services is essentially the same, regardless of whether such video is for entertainment, telemedicine, distance learning, or videoconferencing, the widespread inability of consumers to receive quality video products results in substantial lost opportunities for the American public.

Control yourself.

Thus, it is Intertainer's firm view that the current U.S. broadband infrastructure suffers from severe bandwidth constraints as data nears the consumer's dwelling. The solution, we believe, is the deployment of optical fiber closer to the home. In this regard, Intertainer endorses the Comments filed in the above-captioned proceeding by Corning Incorporated. These comments and the supporting study prepared for Corning by Cambridge Strategic Management Group ("CSMG") provide compelling empirical analysis indicating that the current "unbundling" requirements on incumbent local exchange carriers ("ILECs") inhibit the deployment of FTTH, and that a very large number of American households would receive FTTH if such unbundling requirements were lifted. Given that FTTH involves entirely new infrastructure, competitive local exchange carriers ("CLECs") can deploy FTTH as well as ILECs. The fact is, CLECs are more aggressive in the deployment of this technology, accounting for 77% of all FTTH deployments in the United States versus 3% for the ILECs. Clearly, this situation renders the unbundling requirements unnecessary in the case of FTTH.

Further, under the Section 706 obligation to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability,"² Intertainer believes that it is incumbent upon the Commission to take such deregulatory action given Corning's compelling demonstration of the positive effect such action would have.

In light of the above, Intertainer strongly endorses the comments submitted by Corning Incorporated and urges the Commission to relieve the incumbent local exchange carriers from unbundling obligations for new FTTH systems.

Sincerely,

Jonathan Taplin
Chief Executive Officer
Intertainer, Inc.

² Telecommunications Act of 1996, Pub. L. 104-104, Feb. 8, 1996, 110 Stat. 153, Title VII § 706.

