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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

MediaOne Group

November 3, 1998

Magalie Roman-Salas, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
TW-A325
Washington, D.C. 20554

Re: Notice of *Ex Parte* Presentation

Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996

CC Docket 98-146

Dear Ms. Salas:

On November 2, 1998, Jan Peters, President and CEO of MediaOne and I spoke with Commisioner Gloria Tristani and Rick Chessen Legal Advisor to Commissioner Tristani, regarding MediaOne's activities in deploying advanced telecommunications. These activities are discussed in the enclosed presentation.

Enclosed are two copies of this letter, the presentation and our comments in the above mentioned proceeding.

Very truly yours,

cc: Gloria Tristani, Commissioner
Rick Chessen, Senior Legal Advisor

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996	)	CC Docket No. 98-146

COMMENTS OF MEDIAONE GROUP, INC.

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OFFICE OF THE SECRETARY

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Dated: September 14, 1998

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996	)	CC Docket No. 98-146

COMMENTS OF MEDIAONE GROUP, INC.

MediaOne Group, Inc. ("MediaOne") hereby submits its comments on the Notice of Inquiry ("Notice"), released August 7, 1998, regarding the Commission's request for information pertaining to the deployment of advanced services and the development of associated technologies.[1/]

MediaOne is the parent company of the third largest cable television multiple system operator ("MSO") in the United States, providing an increasing variety of broadband services to approximately 5.0 million customers in 17 states.[2/] Through its subsidiary, MediaOne

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[1/] Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, CC Docket No. 98-146, FCC No. 98-187 (rel. August 7, 1998) ("Notice").

[2/] Within these states, MediaOne's major markets are Atlanta, Georgia, Eastern Massachusetts, Southern New Hampshire, Los Angeles County, California, Chicago, Illinois, Jacksonville, Florida, Detroit, Michigan, Richmond, Virginia, and Minneapolis/St. Paul, Minnesota.

Telecommunications, Inc., MediaOne also provides residential facilities-based competitive local telephone service in several U.S. markets.[3/]

INTRODUCTION AND SUMMARY

Since passage of the Telecommunications Act of 1996 (the "1996 Act"),[4/] market forces and technological innovation have nourished the growth and development of advanced services and associated infrastructure at an unprecedented pace. Today, millions of American consumers have the option of receiving competitively priced Internet access and online services from a wide array of providers, including large online providers, cable operators, incumbent local exchange carriers ("LECs"), competitive LECs, wireless carriers, and national and regional information service providers. With the advent of these services, consumers are demanding higher speed delivery, and that demand is being addressed with an increasing number of wider bandwidth alternatives. Cable companies, incumbent and competitive LECs, wireless service providers, satellite-based companies, and even utility companies, are investing billions of dollars to develop new infrastructure and upgrade existing facilities that will provide American consumers with a variety of broadband alternatives in the "last mile" to their homes.

Through an aggressive upgrade strategy, MediaOne is fulfilling the congressional objective of making a full range of broadband services available to consumers on a "reasonable and timely basis." By the end of 1998, MediaOne will offer approximately 2.5 million homes the opportunity to obtain advanced services, including high speed Internet access via its cable

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[3/] MediaOne Telecommunications, Inc. currently provides residential local telephone service in Atlanta, Georgia, Los Angeles, California, Pompano and Jacksonville, Florida, and several communities surrounding Boston, Massachusetts.

[4/] Pub. L. No. 104-104, 110 Stat. 56 (Feb. 8, 1996).

service, MediaOne Express, at speeds that are more than 50 times faster than those achieved by conventional dial-up modems. By 2001, this capability will be offered to over 90 percent of all homes passed by MediaOne in its 17-state region. Notably, MediaOne is offering MediaOne Express to a diverse base of residential customers, including customers in urban and rural areas which have low incomes or ethnically diverse populations. Moreover, MediaOne is making a significant commitment to provide schools, libraries and medical facilities with access to high speed data connections via MediaOne Express. By the end of 1999, MediaOne will have expended $5.6 billion in risk capital towards upgrading and rebuilding its broadband networks in order to provide a full range of broadband services.

At this juncture, there is no need for the Commission to impose new regulation to promote investment in broadband infrastructure. Moreover, the Commission's broadband policies should be rooted in encouraging competitive risk-taking as MediaOne has, rather than in devising new regulatory schemes. As evidenced by the substantial investment being made to deploy increased bandwidth alternatives, the communications industry is demonstrating that a vibrant marketplace driven by competition and innovation is the best way to encourage and promote the proliferation of multiple broadband pathways to the home. Given this evidence of "reasonable and timely" deployment of broadband capability, there is no authority under section 706 for the Commission to "take action" to "accelerate deployment." Indeed, section 706 itself does not grant the Commission authority to devise a special regulatory classification for advanced services or any other new regulatory authority. To the contrary, section 706 directs the Commission to take deregulatory actions if it finds that broadband deployment is inadequate.

Forbearance from regulating in this environment, in addition to being mandated by the language and purpose of section 706, is fully consistent with the pro-competitive and

deregulatory policies of the 1996 Act generally. As the Commission itself has recognized, it is competition, not regulation, that should be relied upon in the first instance to protect consumers and the public interest.[5] Any additional regulation may actually undermine investment incentives that currently exist and will ultimately leave American consumers with fewer broadband alternatives.

I. MEDIAONE IS CURRENTLY DEPLOYING NEW AND ADVANCED SERVICES TO ALL OF ITS CUSTOMERS IN A REASONABLE AND TIMELY FASHION

In the Notice, the Commission inquires about which entities are "able and motivated" to deploy advanced services to their customers in a reasonable and timely fashion.[6] MediaOne possesses such ability and motivation, and is currently in the process of deploying a wide-range of new and advanced services to consumers throughout its operating region.

Over the past five years, MediaOne has been committed to an aggressive upgrade strategy designed to provide its customers with state-of-the-art, two-way, cable and telephony services. In 1993, MediaOne began installing optical fiber and increasing bandwidth to improve the quality, reliability and channel capacity of its cable systems and to provide new interactive cable services, such as Internet access, and local telephony service. For example, MediaOne is upgrading its Hybrid-Fiber-Coaxial ("HFC") network, a shared-medium coaxial cable architecture, from 450 Megahertz ("MHz") to 750 MHz.[7] By the end of 1999, MediaOne will

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[5] See, e.g., In the Matter of Access Charge Reform, First Report and Order 12 FCC Rcd 15982, 16002 (1997) ("Access Charge Reform Order") ("[T]he congressional mandate that the FCC implement pro-competitive, deregulatory policies is a continuing reminder that, wherever feasible, the FCC should select competition instead of regulation as its means of accomplishing the stated statutory goals.").

[6] Notice at ¶¶ 8-9.

[7] MediaOne's HFC network is a local access transmission system that combines fiber optic and coaxial cable technologies in a physical star/logical bus architecture. The HFC network simultaneously

have invested approximately $5.6 billion toward upgrading and rebuilding its broadband infrastructure. Significantly, this figure continues to grow as MediaOne seeks to improve substantially all of its systems so that it may execute fully its vision of delivering broadband services quickly, reliably, and affordably to all requesting consumers.

Video Programming Services

By the end of this year, MediaOne will have successfully upgraded approximately 4.9 million homes in MediaOne territory to an advanced analog network with increased broadband capacity. This upgraded network will enable those homes to receive as many as 100 channels of video programming and lays the foundation for new, innovative services; such as, impulse pay-per-view, near video on demand, and interactive television.[8/]

Residential Local Telephone Services

MediaOne's significant upgrade efforts also include the provision of facilities-based local digital telephone service to its residential customers. By the end of 1998, MediaOne expects to

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transports both analog and digital signals of all kinds, parallel in time, maintaining total format independence among the respective signals. In an HFC system, individual services are carried in different parts of the frequency spectrum, obviating mutual interference. This gives HFC the ability to transport multiple services on a single access network.

[8/] MediaOne's experience belies the suggestion that most incumbent LECs have avoided entering the video programming marketplace. Notice at 27. For example, BellSouth, through its subsidiary Bell South Interactive Media Services, Inc., offers both wireline and wireless video delivery systems in competition with MediaOne in significant parts of Florida, Georgia, and Louisiana. Ameritech has obtained 76 cable franchises in three Midwestern states in competition with MediaOne and other cable operators. The Southern New England Telephone Company has been granted a statewide franchise from the Connecticut Department of Public Utility Control, which allows it to compete directly with MediaOne's systems in ten communities. Pacific Bell Video Services, a wholly-owned subsidiary of SBC Communications, operates a digital MMDS system to provide 150 channels of service and has secured customers in each of MediaOne's Greater Los Angeles franchise areas consisting of over 350,000 customers. See In the Matter of Annual Assessment of the Status of Competition for the Delivery of Video Programming, CS Docket No. 98-102, Comments of MediaOne at 4-7 (filed July 31, 1998).

offer this competitive local telephone service to over one million homes. MediaOne launched residential telephone services over its HFC network infrastructure in Atlanta in January 1998; in Southern California in April 1998; and in Pompano and Jacksonville, Florida in August 1998. Earlier this month, MediaOne deployed residential telephone service to Andover, North Andover, and Reading, Massachusetts and over the next nine months plans to initiate telephone service in many additional Massachusetts communities. MediaOne has obtained certifications to provide competitive LEC services in California, Florida, Georgia, Illinois, Massachusetts, Michigan, and Minnesota.

MediaOne Express Service[9/]

MediaOne Express connects personal computer users to the Internet using a cable modem that can download information from the Internet at speeds of up to 1.5 megabits per second ("Mbps"), which is more than 50 times faster than the peak transmission speed of a 28.8 kilobits per second ("Kbps") dial-up modem. For a monthly fee of $39.95 to $49.95 per month, MediaOne Express provides residential customers with on-line services, interactive information services, including services utilizing the TCP/IP protocol, and unlimited Internet access, use of a broadband cable modem, a multimedia tool kit of plug-in software, navigational aids, up to four electronic mail addresses, access to MediaOne Express newsgroups, a customized Web browser, Web hosting, and a package of local and national programming.[10/] MediaOne Express provides

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[9/] MediaOne Express has recently merged with Time Warner's Road Runner high speed data service. Road Runner is jointly owned by MediaOne, Time Warner, Microsoft Corp., Compaq Corp., and Advance/Newhouse. MediaOne owns approximately 25 percent of Road Runner, on a fully diluted basis.

[10/] There is a one-time installation fee of $100 to $150, which include installation of all software and hardware by a trained technician, an on-time basic training session, and training support materials.

easy to use guides that allow consumers to find hundreds of the most popular and entertaining websites, view original content provided by MediaOne, as well as local content such as hometown sports video and news clips, continuously updated local weather and news reports, city guide web sites, access to the school system, local libraries, and local government and civic groups. MediaOne Express uses spectrum on the cable network, which allows data to pass to and from the customer's computer at high speed with constant connection.

MediaOne first offered MediaOne Express to its residential customers in several Massachusetts communities in September 1996. Today, MediaOne Express serves more than 40,000 residential customers in hundreds of communities in seven states. By the end of this year, MediaOne will make available MediaOne Express to approximately 2.5 million homes in nine states including more than 100 communities in eastern Massachusetts and southern New Hampshire; 19 communities in southern Florida and the Jacksonville area; 5 communities in northeastern Ohio; 19 communities in the Chicago, Illinois area; 5 communities in and around Detroit, Michigan; 15 communities in the Greater Los Angeles, California region; and numerous communities throughout the Atlanta, Georgia and Minnesota's Twin Cities metropolitan areas. MediaOne expects that deployment of MediaOne Express will be more than 90 percent complete by 2001.

Deployment in Urban Low-Income, and Rural Areas

MediaOne's initial deployment of its new and advanced services provides for delivery of facilities-based services to a disparate base of residential customers, including customers in low-income or ethnically diverse communities. For example, South Central Los Angeles, a diverse

community with a population that is 48 percent Hispanic and 43 percent African American,[11] was the first California community served by MediaOne to be upgraded to receive advanced video programming services over a 550 MHz system. A further upgrade in the South Central Los Angeles area to an HFC/750 MHz network is scheduled for completion in 1999. This broadband deployment will make MediaOne Express and nearly 100 video channels available to over 200,000 homes in South Central Los Angeles next year.

Similarly, by the end of 1998, MediaOne will have deployed its HFC network to a number of ethnically diverse communities in California, including, Inglewood, California (50,000 homes passed),[12] and the Downey, Sante Fe Springs, Paramount, Bell Gardens, and Carson franchises in California (collectively, 100,000 homes passed).[13] By the end of the year, MediaOne Express service and increased channel capacity on its 750 MHz HFC network will be available throughout all of these communities.[14]

MediaOne also provides new and advanced services to rural communities. For example, by the end 1998, MediaOne will have deployed MediaOne Express to approximately 21 small, low-density communities in New Hampshire.

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[11] See CableData Billing System for zip codes within Franchise Tax Areas.

[12] Inglewood's population is 47 percent Hispanic and 46 percent African-American. Id.

[13] See id. These communities are extremely ethnically diverse. For example, Carson is a community that is 32 percent Hispanic, 29 percent Asian, 27 percent African-American, and 12 percent Caucasian.

[14] MediaOne estimates that nearly 70 percent of all homes passed in Inglewood will be upgraded to 750 MHz and will have MediaOne Express available by year-end.

Schools and Libraries

MediaOne is making a significant commitment to provide schools and libraries with high speed data connections to the Internet. By the end of 1998, MediaOne will have provided more than 200 schools in Massachusetts and New Hampshire with free high speed connections to the Internet via MediaOne Express and free cable modems. MediaOne, has provided, or will provide, an additional 180-200 schools in Illinois, Michigan, and California with high speed data connections and cable modems at no charge by the end of year. In addition, MediaOne has contacted approximately 200 schools in the Greater Los Angeles area to offer free MediaOne Express service.

Under this same time frame, MediaOne will also provide free high-speed data connections to approximately 40 libraries in Massachusetts and New Hampshire. Through its "Library Connections" program, MediaOne provides libraries with high speed data connections via MediaOne Express, installation and cable modems, all without charge. MediaOne's Library Connections program also includes introductory training services and materials for library staff.

While providing schools and libraries with high speed connections to the Internet is critically important, without appropriate training and staff, many of the services will not be used to their full potential. For example, MediaOne has teamed up with universities, such as the University of Michigan, to provide teachers nationwide with Internet training and a curriculum for using the World Wide Web in the classroom.[15/] In addition, MediaOne, has initiated a comprehensive "Community Outreach and Online ("COOL") program in which it has teamed up with specially trained interns from local universities throughout the country to schedule training

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[15/] See "MediaOne, U-M Team Up On Net," Michigan Press Reading Service (March 20, 1998).

sessions at schools and public libraries in the communities it serves. As part of its COOL program, MediaOne has launched COOL bus, a mobile interactive computer-training lab that gives teachers, students, and parents a chance to explore the Internet in a lively, educational environment.[16]

Health Care Services

During 1998, MediaOne launched a number of innovative health care pilot projects via MediaOne Express. For example, in Newton, Massachusetts, the Newton Wellesely hospital and its affiliated Home Health Care service use MediaOne Express in conjunction with an innovative system developed by USCarelink to monitor chronically ill patients in their homes. This project allows patients with chronic problems, such as high blood pressure and diabetes, to relay daily blood pressure and insulin levels and other information to doctors, view instructional content on demand, and interact with caregivers via video conferencing.

In another pilot project, neurosurgeons use MediaOne Express service from their homes to access and read x-rays and MRI images from the New England Medical Center in Boston, Massachusetts. MediaOne has also initiated other services to the medical community in rural areas, including a service in Exeter, New Hampshire, which enables 11 rural medical offices and clinics to connect to a single hospital so that they may share encrypted patient records and account information.

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[16] Over a period of nine months, MediaOne COOL bus interns trained more than 1,800 teachers, students, and parents in 28 Atlanta communities. MediaOne has scheduled COOL bus visits to Los Angeles, portions of Florida, and Minneapolis-St. Paul before the end of the year.

II. THE COMMISSION IS CURRENTLY SERVING THE PUBLIC INTEREST BY ALLOWING MARKET-BASED COMPETITION TO DICTATE THE DEVELOPMENT OF BROADBAND INFRASTRUCTURE TO THE HOME

MediaOne has recognized that consumers need increased bandwidth alternatives to accommodate their demand for Internet access and online services. Not suprisingly, the demand for these services has spurred MediaOne and other cable operators to make significant investments to upgrade their existing infrastructure and deploy new infrastructure in order to deliver the next generation of cable services, such as MediaOne Express, to American consumers. MediaOne's investment in these services and infrastructure is fostered by a "hands off" regulatory environment.

Cable is certainly not the only beneficiary of the current regulatory climate. Numerous companies in the communications industry have recognized the high consumer demand for increased bandwidth alternatives and are making unprecedented infrastructure investments to provide American consumers with a wide variety of broadband pathways into the home. In addition to the deployment of broadband capability by cable operators, numerous competitive LECs, such as Covad Communications Company, ICG Netcom, and Rhythms NetConnections, have raised billions of dollars to deploy DSL technology to millions of homes across the country.[17] Consumers can also receive high speed data services into their homes via broadband

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[17] See, e.g., "Covad Communications Broadens Service Availability to New York and Boston and Announces National Expansion," Press Release (August 17, 1998) <http://www.covad.com/about/press_releases/press_081798-1.html>; "Netcom Announces Digital Subscriber Line ("DSL") Internet Strategy and Q3 1998 Launch Plan," Press Release (Aug. 24, 1998), <http://www.icgnetcom.com/news/releases/1998/8-24.htm>; "Rhythms NetConnections Announces National Expansion Rollout;" Press Release (April 28, 1998) <http://www.rhythms.net/about/national2.html>.

solutions providers such as RCN Corporation and Sprint's ION network.[18] Finally, wireless technologies, including DBS (Hughes Network Systems),[19] MMDS (American Telecasting), LMDS, and LEO (GlobalStar, Iridium, and Teledesic) are also beginning to provide consumers with wider bandwidth alternatives in their homes.

American consumers are also seeing wide-scale deployment of DSL technologies by all of the regional Bell Operating Companies ("BOCs") and incumbent LEC GTE. The BOCs and GTE have announced that they will make DSL services available to approximately 20 million homes before the end of this year.[20] The Commission has proposed a structure for deregulating broadband services offered by these incumbent carriers.[21]

In light of the explosion in infrastructure investment described above, there is no question that broadband capability is being deployed to "all Americans" in a "reasonable and timely fashion."[22] Consistent with the deregulatory purpose of the 1996 Act, the Commission's

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[18] See "RCN Reports Record Gains In Revenue, Network Connections and Homes Passed; Company Continues to Aggressively Build Its Northeast Customer Base and Local Broadband Fiber-Optic Network," Press Release (August 11, 1998) <http://www.rcn.com/investor/press/08-98/08-11-98.html>; "Sprint Unveils Revolutionary Network Breakthroughs Give Customers High-Speed, High-Bandwidth, Multi-Function Capabilities Over Single Phone Line;" Press Release (June 2, 1998) <http://www.sprintbiz.com/ion/press.html>.

[19] Hughes Electronics, a General Motors subsidiary, provides high-speed Internet access services under the names "DirectPC" (Internet access only) and "Direct Duo." (Internet access plus DBS service)

[20] See Appendix A.

[21] Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147, Memorandum Opinion and Order and Notice of Proposed Rulemaking, FCC 98-188 (rel. August 7, 1998) at ¶ 96.

[22] The Commission seeks comment on how to determine whether advanced capability is being deployed in a "reasonable and timely fashion." Notice at ¶ 59. At a minimum, until the Commission has established such a methodology and solicited the specific data necessary to make such a determination, it would be premature to conclude that the deployment of such capability is somehow inadequate.

broadband policies should be rooted in encouraging competitive risk-taking, rather than in devising new regulatory schemes.[23] Indeed, section 706 authorizes the Commission to take action to "accelerate deployment" of advanced capability only if it determines that such capability is not being "deployed to all Americans in a reasonable and timely fashion."[24] Significantly, section 706 does not empower the Commission to alter the regulatory structure embodied in the Communications Act or to devise a new "regulatory model" for the provision of advanced services. Such a change can only come from Congress, which retained the current regulatory models when it enacted the 1996 Act.[25] Even if the Commission were to determine that action to accelerate broadband deployment is warranted, section 706 directs the agency to accomplish that goal through deregulation rather than the imposition of new regulations.[26]

As it has in the past, the Commission should recognize that competition, not regulation, will best further the public interest and serve the needs of consumers.[27] The unprecedented investment in broadband plant renders unnecessary – and counterproductive – new government regulation of cable operators and other competitive entrants. Such regulation can only distort the marketplace and impede the development of advanced services and associated technologies.

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[23] See, e.g., Access Charge Reform Order, 12 FCC Rcd at 16002 ("[T]he congressional mandate that the FCC implement pro-competitive, deregulatory policies is a continuing reminder that, wherever feasible, the FCC should select competition instead of regulation as its means of accomplishing the stated statutory goals.").

[24] Section 706(b).

[25] The Commission itself has acknowledged this. See Notice at ¶ 77.

[26] See Section 706(b) (directing the Commission, upon a negative finding, to take accelerate broadband deployment "by removing barriers to infrastructure investment" and by "promoting competition."

[27] See supra n. 5.

CONCLUSION

For the foregoing reasons, the FCC should reject any proposals to impose new regulation on the providers of advanced services. As MediaOne has demonstrated, numerous companies are investing billions of dollars to create increased bandwidth alternatives into the home. Under these circumstances, the Commission lacks authority under section 706 or any other provision of the Communications Act to impose new regulations on companies that are engaged in the deployment of broadband networks.

Respectfully submitted,

MEDIAONE GROUP, INC.

Susan M. Eid / by SRS

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Dated: September 14, 1998

APPENDIX A
Bell Operating Company And GTE DSL Projections

Incumbent LEC	Projections
Ameritech	Will make ADSL available to 70 percent of all in-region homes by the year 2000. Ameritech currently provides DSL service to portions of Chicago, Illinois and Ann Arbor, Michigan.
Bell Atlantic	Intends to deploy ADSL service to 2 million households in Washington, D.C., Pittsburgh, Philadelphia, and the New Jersey Hudson River waterfront by the end of 1998. In 1999, Bell Atlantic expects to deploy ADSL to over 6 million households, including homes in the New York City and Boston metropolitan areas.
BellSouth	Will make ADSL service available to 1.7 million customers in 30 markets by the end of 1998. BellSouth will offer ADSL service in 23 additional markets in 1999.
SBC/Pacific	Will offer high speed data and Internet solutions to more than 5 million California residential and business customers in 200 California communities by the end of the year.
US WEST	Estimates that it will offer ADSL services to approximately 5 million customers in 40 cities in 14 states this year.
GTE	Plans to equip approximately 6 million lines with ADSL in 300 central offices in 16 states by the end of the this year.

CERTIFICATE OF SERVICE

I, LeShawn M. Riley, hereby certify that on this 14th day of September, 1998, I caused copies of the foregoing "Comments of MediaOne Group, Inc." to be delivered by hand to the following:

LeShawn M. Riley

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Commissioner Michael K. Powell
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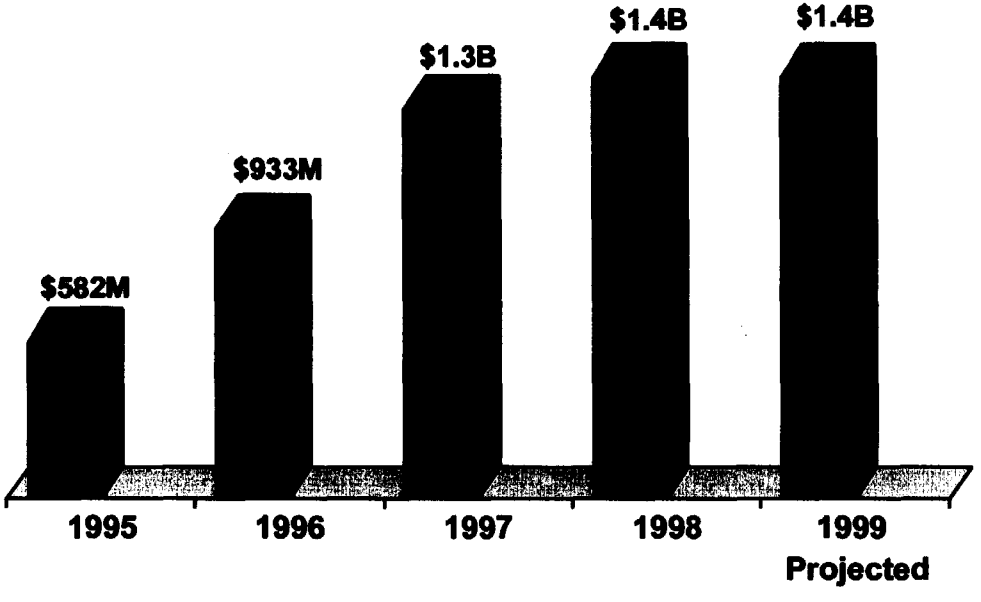
MediaOne℠

This is Broadband. This is the way.

MediaOne's Domestic Broadband Service Areas

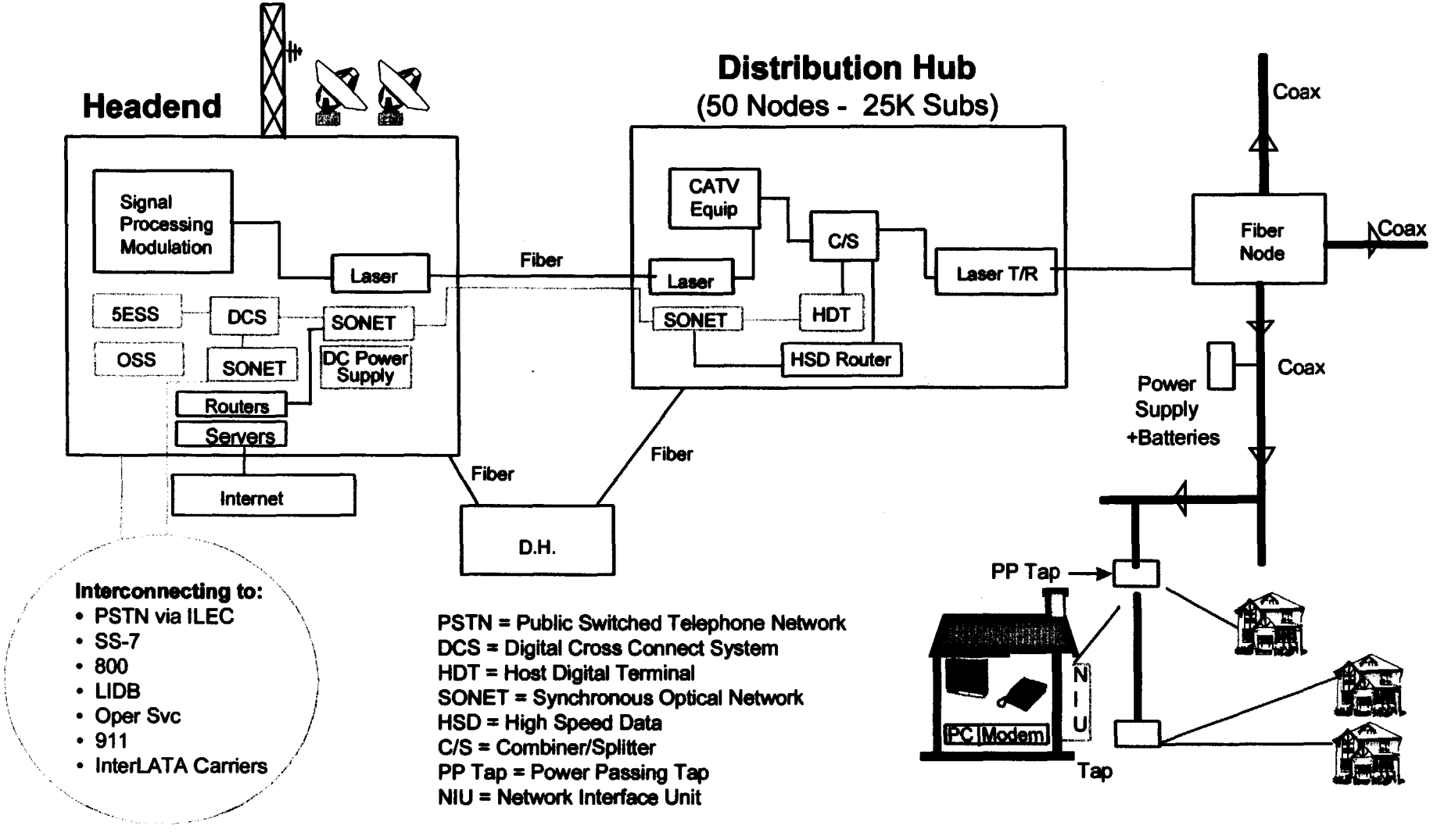
- MediaOne is the 3rd largest broadband company in the United States:
  - 8.4 million homes passed
  - 4.9 million cable customers
  - 90% of customers in clusters of 100,000 or more
  - 8 markets with more than 200,000 customers

MediaOne's Domestic Capital Budget



Total domestic broadband investment over 5 years: $5.6 billion.

Broadband Network Architecture Supporting Video, Telephony and High Speed Data Service



MediaOne's Broadband Lines of Business

Video

- **Enhanced analog will be available to more than 4 million homes by year end 1998.**
- Digital TV roll-out in suburban Detroit.

Residential Telephony

- **Telephony will be available to more than 500,000 homes by year end 1998.**
- Telephone markets: Atlanta, Los Angeles, Jacksonville, Pompano, Boston and Richmond.
  - All 6 markets were launched in 1998.

Residential High Speed Data Service

- **High speed data service will be available to 3 million homes by year end 1998.**
- High speed data service markets: Atlanta, Boston, Chicago, Detroit, Hialeah, Jacksonville, Los Angeles, northeast Ohio, Pompano and the Twin Cities.

MediaOne's Competitive Landscape
-- Current and Near-Term --

Video	Residential Telephony	Residential High Speed Data
Ameritech New Media	Ameritech	Ameritech
BellSouth Interactive Media Services	Bell Atlantic	Bell Atlantic
Cable Plus	BellSouth	BellSouth
DirecTV	GTE	Covad Communications
EchoStar	SBC/Pacific Bell	Hughes Network Systems (DirecPC)
GE Rescom	U S WEST	RCN
One Point Communications		SBC/Pacific Bell
OpTel		U S WEST
RCN		
SNET		

- MediaOne is experiencing vigorous competition in its video business.
- MediaOne is emerging as a viable competitor in telephony.
- MediaOne, like many other companies, is offering high speed data services.

MediaOne's New Video LineUp: An Example From Suburban Detroit

LineUp	Pre-Rebuild	Post-Rebuild	Post-Digital Launch
Basic 1	19	24	24
Basic 2 (Mini)	n/a	4	4
Basic 3 (Satellite)	29	36	34
Premium Channels	4	10	38
Pay-Per-View	1	3	33
Encore Tier	n/a	n/a	12
Music Choice	31	31	40
Total Channels	84	108	185

Consumer benefits include: new channels, more consumer choice in programming, better picture quality, improved reliability and interactive program guide.

MediaOne Digital Telephone Services
– Residential Consumer Product Packages –

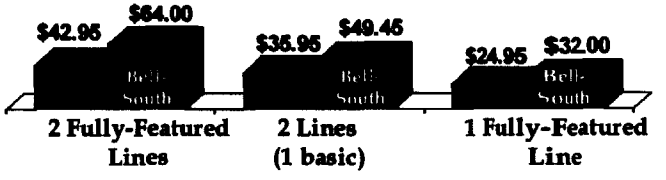
Competitively Priced Product Offering

- 2 fully-featured telephone lines
- 2 telephone lines: 1 fully-featured and 1 basic line
- 1 fully-featured telephone line
- Additional products such as voice mail, inside wire maintenance, directory assistance, operator services and directory listings
- One free month of service

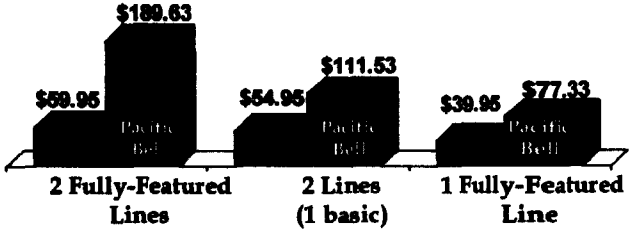
Promotional Offers

- Free installation
- Satisfaction guarantee

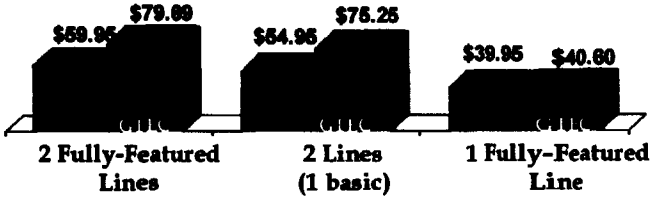
MediaOne vs. BellSouth - Atlanta



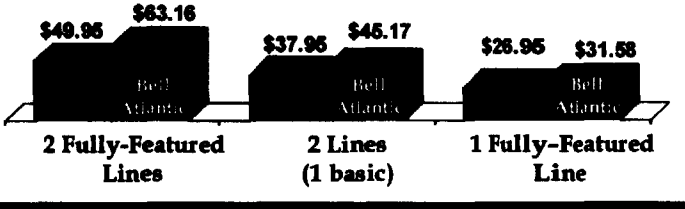
MediaOne vs. Pacific Bell - Los Angeles*



MediaOne vs. GTEC - Los Angeles*



MediaOne vs. Bell Atlantic - Richmond



* MediaOne includes 500 minutes of intraLATA calls.

MediaOne Express
Residential Consumer Offering

MediaOne Express is:

- High-speed cable modem service:
  - Up to 1.5 million bits per second *to* the customer's computer.
  - Up to 300 kilobits per second *from* the customer's computer.
- Broadband content for children, communities, schools and libraries.
- Multimedia tool kit: customized Web browser, plug-ins, e-mail, newsgroups and more.
- Modems provide constant connectivity.
- Personal Web pages.
- Online, e-mail and telephone support 24 hours a day, seven days a week.
- Monthly rate of $39.95 for video customers.

Examples of MediaOne's Community Outreach Using MediaOne Express

- Schools connected to MediaOne Express: over 400 by year end 1998.
- Libraries connected to MediaOne Express: about 40 by year end 1998.
- Pilot medical projects:
  - Newton Wellesley Hospital.
  - Exeter Hospital.
  - New England Medical Center.
- Library Connections Program.
- COOL (Community Outreach and Online Learning) Bus.

Summary

- MediaOne is **committed to facilities-based competition to the home.**
- MediaOne has an **aggressive upgrade strategy**.
- MediaOne is **offering a full range of broadband services** -- enhanced analog video, residential telephony and residential high speed data service.
  - To a diverse base of residential customers, including customers in urban and rural areas many of which have low income and ethnically diverse populations.
- To promote investment in broadband infrastructure and to achieve competition and innovation, **public policy should encourage risk-taking** -- as MediaOne has done.