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November 4, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

HAND DELIVERED

Magalie R. Salas, Esquire
Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, SW
Washington, D.C. 20554

**Re: Deployment of Wireline Services Offering
Advanced Telecommunications Capability
CC Docket No. 98-147
Ex Parte Notice**

Dear Ms. Salas:

On behalf of the Internet Service Providers' Consortium (ISP/C), and pursuant to Section 1.1206(a)(2) of the Commission's Rules, I am filing the original and one copy of this letter to report an oral *ex parte* communication in the above-referenced proceeding.

On November 3, 1998, co-counsel Kathryn A. Kleiman and I accompanied Deb Howard and Roxanne Loveday, officers of ISP/C, to two meetings at the Commission's offices.

The first meeting included Carol Matthey, Chief, Linda I. Kinney, Assistant Chief, Elizabeth S. Nightingale, Esquire, Brent M. Olson, Esquire, Jason D. Oxman, Esquire, and Staci L. Pies, Esquire, of the Policy and Program Planning Division, Common Carrier Bureau,

The second meeting included Johnson Garrett, Policy Analyst, Jonathan M. Askin, Esquire, and Jennifer Fabian, Policy Analyst, of the Office of Plans & Policy.

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Magalie R. Salas, Esquire
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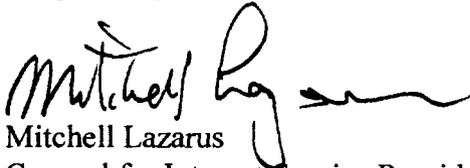
At both meetings, the ISP/C representatives discussed the relevance of the Computer III regime to Internet service providers (ISPs), with particular reference to the Commission's proposal in the above-referenced docket to allow incumbent LECs to offer DSL services free of Section 251 unbundling and resale obligations through structurally separate affiliates. We explained that, in the case of the RBOCs and GTE, the Computer III regime is still needed under this proposal, and that Computer III obligations must apply to the separate affiliate just as they do to the parent company. Otherwise, we said, the affiliate will be free to discriminate against competing ISPs in favor of its parent's ISP operations, and could even deny all DSL services to competitors while providing them to the parent ISP. The affiliate has the same incentive to discriminate as the parent RBOC or GTE does, because it benefits the same stockholders.

Among all of the affected ILECs, only GTE offered a substantive opposition to this proposal, but its argument was flawed by a defective analogy between enhanced services offered by LECs and by IXC's. U.S. West also expressed a one-sentence, unsupported opposition.

Nothing else in our remarks went beyond the pleadings that ISP/C has filed in this proceeding.

If there are any questions about this filing, please call me directly at the number above.

Respectfully submitted,



Mitchell Lazarus
Counsel for Internet Service Providers' Consortium

ML:deb

cc: FCC Meeting Participants (By Hand Delivery)
Ms. Deb Howard, ISP/C (By US Mail)
Ms. Roxanna Loveday, ISP/C (By US Mail)
Mr. Charles T. Smith, Jr., ISP/C (By US Mail)
Mr. Justin Newton, ISP/C (By US Mail)
Kathryn A. Kleiman, Esq. (By US Mail)