

EX PARTE OR LATE FILED



DIRECT CONNECT, INC.

An employee owned company.

P. O. Box 42458

INDIANAPOLIS, IN 46242-2458

~~-(317) 390-6800-~~



Disconnected the week of April 6, 1998.

RECEIVED September 30, 1998

NOV - 4 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

OFFICE OF THE SECRETARY

Oct 7 10 54 AM '98

RECEIVED

The Honorable Henry J. Hyde
House of Representatives
Committee on the Judiciary
2138 Rayburn House Office Building
Washington, D. C. 20515-6216

CC Docket No. 98-141

Dear Mr. Chairman:

The purpose of this letter is to reaffirm our OPPOSITION TO THE PLANNED MERGER OF AMERITECH AND SBC, Inc. Our original letter of May 15, 1998 outlined our experience that due to its size and economic resources, has both the power to control the prices of competitive communication and the power to exclude competitors.

Your well planned response to our original letter was to ask Mr. Kent A. Leberz, President of Ameritech, for his response; which you ultimately received on August 5, 1998. Follows is our well researched and experienced based rebuttal to his letter of July 27, 1998.

Our opposition is directly reactive to the Telecommunications Act of 1996, in that we are competition, however small we may be, and said Act endeavors to encourage the growth of such competitors. Mr. Leberz is probably correct in mentioning two or three other telephone organizations in Indiana are also unsupportive of our business. The Indiana telephone companies mentioned in conspiracy and combination with each other as well interstate telephone companies have exercised their economic power within the relevant market to prohibit their customers from having the opportunity to purchase new and competitive services, such as those offered by Direct Connect.

Mr. Leberz further refers to the Indiana Utility Regulatory Commission as actively working on the issue. We understand this to be accurate, but not of a contemporary time frame, i. e. we were arbitrarily cut off of telephone service on April 6, 1998 and as of this date the IURC has only scheduled a Prehearing Conference and Preliminary Hearing for October 20, 1998. Obviously it will take many months, during which we remain shut down, for the IURC to make any decision in this matter. And with Ameritech's attorneys and agents influence it is most likely to be of little constructive value to Ameritech's competitors.

We often compared our service offering to the Internet, as our customers used their land line telephone service to reach our central office and computers and said equipment connected them to various of our locations. It was not at all unlike the Internet service, except we operated on a small local level. With all

No. of Copies rec'd
LRABODE

2



DIRECT CONNECT, INC.

An employee owned company.

P. O. Box 4245B

INDIANAPOLIS, IN 46242 2450



Page 2. September 30, 1998

(Continued)

of the computer generated progress in the telephony area in the past few years, the evolvement of our service offering could be expected. A good illustration of this fast changing scene is the APLIO telephone which can place calls via the Internet, with no computer involved, anywhere in the world for free. A sales brochure regarding same is enclosed with this letter. Ameritech and the local telephone companies are putting peanut sized local competition out of business while the world has bypassed the giant long distance telephone companies.

As we pointed out in our letter of May 15, 1998 this action taken against the best interests of the public is ironic in another area. All the land line connections of ours were purchased and paid for promptly on a full retail price basis, and according to our careful calculations Ameritech was making a substantial profit from our accounts. Their panic based ill advised action probably hurt them as much as it did us.

Mr. Leberz refers to the IURC filings and Ameritech's Indiana tariffs. As he is well aware these tariffs were largely written by the "Bells" over the past number of years and filed with the acknowledgement of the regulatory authorities as there was little opposition recorded. An example of Ameritech's contempt for the consumer is well illustrated in their "Objections" filed in Cause 41029, dated June 15, 1998. In reply to requests by Direct Connect to "identify and describe in detail any and all wired telecommunications services offered by Ameritech that are functionally equivalent to direct transfer service", Ameritech answers "Ameritech Indiana objects to Direct Connect's Request on the grounds and to the extent that such request seeks information that is irrelevant to the issues -----" We are aware that some parts of our offerings are being resold on behalf of Ameritech and in some cases by Ameritech itself.

Finally, in the last paragraph of Mr. Leberz's letter, there is an acknowledgment of the inappropriateness of additional telephone company charges to Direct Connect for services arbitrarily terminated by the telephone company. The charges referred to in our initial letter and mentioned in Mr. Leberz's reply were eventually waived. However, other charges for outlying feeder service which became "dead-in-the-water" after termination of central office service are to this date still being sought by Ameritech, in spite of two letters from our legal counsel. Only a monopolistic business could attempt such unjust and totally unreasonable charges.

The outlook and unjust and unreasonable actions follow the precedent established in the historical CARTER ELECTRONICS CORPORATION, Plaintiffs, v. AMERICAN TELEPHONE AND TELEGRAPH COMPANY et al, Defendants. Even at this early date of 1966 in the development of more consumer friendly telephony the defense of "tariffs" was being bandied about. The similarity of Mr. Thomas F. Carter and Direct Connect becomes obvious in that while Mr. Carter eventually prevailed in the courts, his business failed financially in fighting AT&T. We are in a similar position of taking on the "Bells"-Ameritech and SBC with very limited resources.



DIRECT CONNECT, INC.
An employee owned company.
P. O. Box 42458
INDIANAPOLIS, IN 46242 2458



Page 3. September 30, 1998

(Continued)

It would appear from reports in the FINANCIAL TIMES (London) that the United States and the various states therein, are losing the race to make telephone service more responsive and of more value to the consumer. The enclosed article dated April 16th, 1998 (Ten days after our telephones went dead) details the process that some 800,000 subscribers in Stockholm will be able to make voice calls thru a new competitive service offered by the power authority in that area. The monopoly that the "Bells" have enjoyed at the expense of individual and corporate citizens in the United States should not be allowed to expand and regrow.

The mega-merger of two of the largest "Bells" would not be in the best interests of our country as a whole.

Enclosed with this letter is a copy of our initial letter and its original enclosures; plus copies of all material referred to above. After this letter, all materials are arranged in chronological order.

Thank you very much for your interest and consideration of our experience and position of opposition to the merger of Ameritech and SBC, Inc.

Sincerely yours,


Lewis J. Richardson, Pres.
Residence Telephone (317) 887-0706

CC: Mr. Joseph Gibson, Counsel, Committee on the Judiciary
Mr. William Kennard, Chairman, Federal Communications Commission
Mr. Joel L. Klein, Asst. Atty. Gen., Justice Dept.
Ms. Kathryn C. Brown, Chief, Common Carrier Bureau, FCC
Mr. Dan Coats, United States Senator
Mr. Richard G. Lugar, United States Senator