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January 21, 1999

HAND DELIVERY

**RECEIVED**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, SW, Room TWB-204  
Washington, D.C. 20554

JAN 21 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: Ex Parte Presentation  
Application for Consent to the Transfer of Control of Licenses and Section  
214 Authorizations from Tele-Communications, Inc. to AT&T Corp.  
CS Docket No. 98-178

Dear Ms. Salas:

This letter provides additional information on the services provided by Teleport Communications Group ("TCG") as of January 1, 1993, and a clarification of TCG's "resale of NYNEX dialtone services" referenced in AT&T's/TCI's Joint Reply Comments and Joint Opposition to Petitions to Deny or Impose Conditions filed in this proceeding on November 13, 1998 and the reference to Shared Tenant Services in the ex parte filed on January 7, 1999. We also use this opportunity to address two other questions regarding AT&T's and TCG's local service posed by the Cable Services Bureau and the Office of General Counsel.

**Services Provided by TCG on January 1, 1993**

On January 1, 1993, TCG's primary service offerings in New York City were private line, special access, and inter and intraLATA toll services.

In addition, TCG used its two 5ESS central office-type switches located in the World Financial Center in Manhattan that were formerly owned by Merrill Lynch to provide PBX services to Merrill Lynch personnel. All of Merrill Lynch's local

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calling as of 1/1/93 were provided by NYNEX, which billed Merrill Lynch for that calling. All of the incoming and outgoing NYNEX switched services used to provide local calling for Merrill Lynch remained in Merrill Lynch's name.

TCG also used those two switches to provide a similar PBX service to about one dozen other customers in Manhattan.<sup>1</sup> The primary PBX product sold was an auxiliary service that served as a backup or diversity option in the event of an outage in their primary, NYNEX-supplied service.

When customers used this PBX offering to originate toll calls, TCG routed those calls to the customer's toll-provider (or provisioned by TCG if it was the selected intra or interLATA toll provider). If customers used the service to originate local calls, TCG sent those calls back to the NYNEX network to be switched and routed on the NYNEX network. TCG did not directly complete any local calls, including between different TCG customers or between a TCG customer and a NYNEX customer. TCG did not encourage or otherwise promote the use of its services to complete local calls because TCG simply collected the NYNEX retail rate for those services and had to pay the identical amount to NYNEX. TCG recovered the cost of the PBX trunks (including NYNEX usage charges) in its own rates to customers (without any TCG mark-up of the NYNEX charges) and rendered a unified bill to the customer.

TCG (1) did not own any NXXs; (2) did not have a reciprocal compensation agreement with NYNEX; and (3) was unable to obtain number portability from NYNEX. As Teleport Communications-New York told this Commission in 1992, "[TCG] does not provide end-to-end universal basic local exchange telephone service because it lacks both the regulatory approvals and necessary facilities, including a ubiquitous network of local switching, transmission and subscriber line facilities, that are essential to furnishing such service." Opposition to Petition to Deny, In the Matter of Teleport Communications-New York Application for the Transfer of Control of Stations WLU-732, WLW-316, and WLW-317 from Merrill Lynch Group, Inc. to Cox Teleport, Inc., File No. 13135-CF-TC(3)-92, filed May 14, 1992, at 4.

The services described above that utilized the two 5ESS switches were provided to customers in Manhattan where neither TCI nor any TCI affiliate provides cable service.

### **AT&T's Acquisition of Alascom**

On October 1, 1994, AT&T entered into an agreement to purchase the stock of Alascom. The transaction closed on August 7, 1995. As of 1/1/93 and the date of

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<sup>1</sup> TCG also provided Shared Tenant Service at its corporate park in Staten Island using a local PBX. Neither TCI nor any TCI affiliate provides cable service on Staten Island.

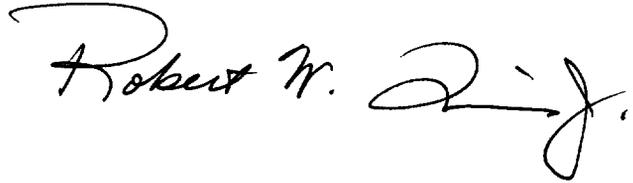
closing, Alascom only provided interexchange services in Alaska. Neither TCI nor any TCI affiliate provides cable service in Alaska.

**TCI Interest in Time Warner**

The Commission has held that TCI's ownership of Time Warner stock is non-attributable for purposes of the cable ownership rules. See Applications of Turner Broadcasting System and Time Warner for Consent to Transfer of Control, 11 FCC Rcd. 19595, 19602-04 ¶¶ 17-19 (1995). Thus, Time Warner's Manhattan and Queens cable systems are not TCI "affiliates" for purposes of determining the applicability of section 652(a). TCI and Time Warner are affiliated in Houston through a separate joint venture.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1). Copies are also being provided to the Commission staff listed below.

Best regards,

A handwritten signature in black ink, appearing to read "Robert W. Ziegler". The signature is written in a cursive, flowing style with a large initial "R" and a long, sweeping tail.

cc: Susan Aaron - Office of General Counsel  
Sunil Daluvoy - Cable Services Bureau