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HAND DELIVERY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TWB204
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex Parte Presentation
In the Matter of Joint Application of AT&T Corp. and Tele-Communications, Inc.
for Transfer of Control to AT&T of Licenses and Authorizations Held by TCI and
its Affiliates or Subsidiaries
CS Docket No. 98-178

Dear Ms. Salas:

This letter responds to the ex parte comments of the Mount Hood Cable Regulatory Commission ("Mt. Hood"), dated January 29, 1999, filed in the above-captioned docket. Mount Hood urges the Commission either to condition approval of the AT&T/TCI merger on a requirement that AT&T/TCI permit "open access" to TCI's broadband cable facilities or to open a separate rulemaking proceeding to address the open access issue.

Mt. Hood's filing raises no new issues regarding the AT&T/TCI merger. Mt. Hood claims that requiring AT&T and TCI to provide open access to TCI's broadband cable facilities is necessary to protect consumers, competition, technological innovation, and an open Internet marketplace. AT&T and TCI already have replied to the very same arguments in their November 13, 1998, Joint Reply to the comments and petitions that were timely filed in response to AT&T and TCI's application for transfer of control. Specifically, AT&T and TCI demonstrated that AT&T/TCI's broadband Internet service will compete with, not replace, existing narrowband Internet services (Joint Reply at 28-34); that TCI is facing competition in the provision of broadband services from RBOCs,

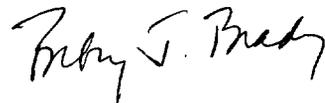
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CLECs, ISPs, wireless providers, satellite companies and others who are aggressively building facilities on timetables similar to TCI's (Joint Reply at 34-38); and that AT&T and TCI have enormous economic and commercial incentives to allow their customers to reach whichever content provider the customer wants to reach in the most efficient way (Joint Reply at 27, 38-41, 44-45). Just last week, the Commission stated that it does not foresee "the consumer market for broadband becoming a sustained monopoly or duopoly" because "[b]y the standards of traditional residential telecommunications, there are, or likely will soon be, a large number of actual participants and potential entrants in this market." 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, Report, FCC 99-5 at ¶¶ 48, 52 (rel. February 2, 1999) ("Section 706 NOI Report").

Mt. Hood also argues that requiring open access to broadband cable facilities is necessary to ensure the universal availability of broadband cable services and to avoid the development of information "haves" and "have nots." AT&T and TCI, however, have amply demonstrated that the adoption of burdensome unbundling obligations will only impair AT&T's and TCI's ability to invest in and deploy broadband cable facilities and will thwart the competitive goals of the Telecommunications Act of 1996 (Joint Reply at 49-51). In contrast to Mt. Hood's claims, the Commission has concluded that deployment of cable broadband services likely has a pro-competitive effect because it "appears to have spurred incumbent LECs to construct competing facilities." Section 706 NOI Order at ¶ 42. Mt. Hood provides no new analysis or arguments that would contradict AT&T and TCI's Joint Reply or the Commission's conclusions in the Section 706 NOI Report.

The issue of local authority to impose open access or unbundling conditions is not raised in the merger proceeding and the Commission does not need to address it here. Indeed, AT&T and TCI have filed an action in federal court seeking, among other things, a ruling that the open access condition exceeds the limited authority local franchise bodies have under federal law to review franchise transfers.

Sincerely,



cc: Royce Dickens