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March 8, 2000

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

Re: Notice of Ex Parte Communication

In the Matter of Applications for Transfer of Control to AT&T Corp. ("AT&T")
of Licenses and Authorizations Held by MediaOne Group, Inc. ("MediaOne")
CS Docket 99-251

Dear Ms. Salas:

Please include a copy of the attached in the record of the above-referenced proceeding.

I am submitting two copies of this letter and the attachment in accordance with Section 1.1206(b)(1) of the Commission's rules. We are also providing copies of this letter to the Commission staff listed below.

Sincerely,



Michelle M. Mundt

Attachment

cc: To-Quyen Truong
Darryl Cooper

DCDOCS:166406.1(3K##01!.DOC)

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AT&T/MEDIAONE CABLE OVERBUILDS

March 8, 2000

Overview

There are two areas in the Atlanta vicinity where AT&T's and MediaOne's cable systems physically overlap and customers can receive cable service from either AT&T or MediaOne. The AT&T system where the overbuilds currently exist was formerly operated by InterMedia Partners, an MSO formed by Leo J. Hindery, Jr. in the early 1990s. In both cases, the construction of the overbuilt systems was concluded by 1993 and no additional system overbuilds have occurred since that time. In both cases, AT&T and MediaOne have no plans to continue overbuilding in the areas of the overlap, except for routine plant extensions. With regard to one of the systems, AT&T does not plan even to upgrade the system beyond the limited channel capacity that the system currently carries.

AT&T acquired its interest in these systems through its acquisition of TCI. TCI first acquired an interest in InterMedia Partners in the mid-1990s. By July 1999, various TCI entities owned approximately 98 percent of InterMedia Partners. In October 1999, AT&T acquired the remaining interest in InterMedia Partners and both overbuilt systems are now owned and operated by AT&T.

Fayetteville, Georgia (Fayette County)

Fayetteville is located in Fayette County, Georgia, which is south of the City of Atlanta. In 1993, AT&T's predecessor, InterMedia Partners, acquired the Fayetteville system from Cook Cablevision. The system InterMedia Partners acquired included an overbuild of MediaOne's predecessor's territory in Fayetteville. No additional overbuilds have occurred since that time and AT&T never had any plans to expand its overbuild in that area. As of February 21, 2000, there were approximately 975 common homes passed by the overbuild. Of those 975 homes passed, AT&T serves approximately 447 subscribers.

In 1997, InterMedia Partners upgraded the Fayetteville system to 550 MHz plant. The Fayetteville franchise agreement requires AT&T to upgrade to 750 MHz/two-way capable plant by the end of 2000. AT&T plans to begin the upgrade in approximately two months (April 2000).

The potential elimination of the Fayetteville overbuild as a result of the AT&T/MediaOne merger does not raise competitive concerns. The size of the overbuild is de minimis and well below the threshold that has historically triggered any response from the antitrust agencies. In addition, there is significant video competition in the Atlanta area from unaffiliated sources. BellSouth is actively deploying its "Americast" wireless cable service throughout the Atlanta area, for instance, and both DirecTV and EchoStar offer satellite service in Fayetteville.

The overbuilt area in Fayetteville is unlikely to be attractive to any prospective third party. First, it is a small facility located in the middle of a group of MediaOne and AT&T properties in Fayette County. It would be difficult if not impossible to sell this geographically isolated property. Second, the overbuilt area is technologically integrated with the rest of AT&T's Atlanta-area cable system. All of AT&T's cable subscribers in Fayette and Fulton counties, including those in Fayetteville, are served by a single headend located in Peachtree City. A new buyer would have to construct a separate headend and re-engineer the system to work off that headend. No third party will want to make such a substantial investment to operate an isolated system.

Powder Springs, Georgia (Cobb County)

Powder Springs is located in Cobb County, Georgia, which is to the west of the City of Atlanta. In 1991, AT&T's predecessor, InterMedia Partners, acquired the Powder Springs system from Cook Cablevision. The system InterMedia Partners acquired included an overbuild of MediaOne's predecessor's territory in Powder Springs. No additional overbuild activities have occurred since that time and AT&T never had any plans to expand its overbuild in that area. As of February 21, 2000, there were approximately 1,931 common homes passed by the overbuild. Of those 1,931 homes passed, AT&T serves approximately 153 subscribers.

The Powder Springs system has not been upgraded and AT&T has no plans to upgrade it in the future. As a result, there is limited channel capacity on AT&T's Powder Springs system. Currently, subscribers can receive only 36 channels.

The potential elimination of the Powder Springs overbuild as a result of the merger does not raise any competitive concerns. First, the size of the overbuild is de minimis and below the threshold that has historically triggered any response from the antitrust agencies. Second, AT&T is not an effective competitor in Powder Springs. AT&T's Powder Springs system is old, has limited channel capacity, and has not been upgraded. As a result, AT&T has a penetration rate of only eight percent in the overbuilt area (153 out of 1931). Third, as noted above, there is significant video competition in the Atlanta area from other providers, such as BellSouth, DirecTV, and EchoStar. These providers offer service in Powder Springs.