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Michelle M. Mundt

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March 29, 2000

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

RECEIVED

MAR 29 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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

Michelle M. Mundt

Attachment

cc: To-Quyen Truong
Darryl Cooper
Royce Dickens
Linda Senecal

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March 29, 2000

Mr. Darryl Cooper
Cable Services Bureau
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

Re: Notice of Ex Parte Presentation

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 Mr. Cooper:

This letter will address your remaining questions regarding footnote 93 of the Public Interest Statement in the above-captioned proceeding and AT&T's ex parte filing of March 8, 2000 regarding cable overbuilds.

As we discussed, the exchange transactions described in footnote 93 were investigated by the Federal Trade Commission ("FTC"). In both cases the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired without the issuance of a second request, which constitutes clearance by the antitrust authorities.

Regarding the level of common homes passed by an overbuild that has historically triggered a response from the antitrust agencies -- mentioned in our March 8, 2000 ex parte filing -- it is our understanding, based on AT&T's experience before the FTC and our review of Consent Orders issued by the FTC, that the lowest number of common homes passed by an overbuild where the FTC has required divestiture is approximately 2,800. *In re Tele-Communications Inc.*, FTC Docket No. C-3575 (May 3, 1995) (involving Tele-Communications, Inc.'s ("TCI's") acquisition of cable systems from TeleCable Corporation). In a more recent example, the FTC required Cablevision Systems Corporation ("Cablevision") to divest itself of

Mr. Darryl Cooper

March 29, 2000

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certain cable television systems in the Boroughs of Paramus and Hillsdale, New Jersey that were owned and operated by TCI. *In re Cablevision Systems Corporation*, FTC Docket No. C-3804 (Jan. 15, 1998). Although the Consent Order does not disclose the number of common homes passed by the overbuilt systems in that example, we understand that there were approximately 5,000 subscribers in the overbuilt area that was the subject of the divestiture.^{1/}

More recently, numbers of common passings approximating those involved in the TeleCable and Cablevision deals have not led the FTC to require any divestitures, suggesting an increase in the number sufficient to trigger FTC concern. In the exchange transaction between Time Warner and MediaOne described in footnote 93 of the Public Interest Statement, there were between 3,000 to 3,500 common homes passed, but the FTC cleared the transaction without requiring divestiture.^{2/} In an exchange transaction between AT&T and Time Warner, there were approximately 5,500 homes passed by both companies and the FTC cleared the transaction without requiring divestiture.^{3/} Therefore, AT&T doubts that the 2,800 common homes passed in the TeleCable transaction would require divestiture today.

It is our understanding that the information contained herein, together with our submissions of January 12, February 24, and March 8, 2000 and our explanations of those filings, address all of the staff's outstanding questions regarding cable overlaps and overbuilds arising out of the AT&T/MediaOne transaction.

^{1/} The number of homes passed clearly would be higher than the number of subscribers. Assuming an average cable penetration rate of 65 percent, there would have been approximately 7,700 common homes passed in the overbuilt area.

^{2/} As discussed in footnote 93, these transfers received clearance under the Hart-Scott-Rodino Act when the HSR notification (Transaction No. 1999-1719) was filed on March 1, 1999 and the waiting period terminated on March 31, 1999 without the FTC issuing a second request.

^{3/} The HSR notification (Transaction No. 1999-0986) was filed on December 21, 1998. The FTC subsequently issued a request for additional information, but in due course terminated the HSR waiting period without taking any further action.

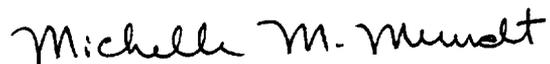
Mr. Darryl Cooper

March 29, 2000

Page 3

We are submitting two copies of this letter to the Secretary in accordance with Section 1.1206(b)(1) of the Commission's rules.

Sincerely,

A handwritten signature in black ink that reads "Michelle M. Mundt". The signature is written in a cursive, slightly slanted style.

Michelle M. Mundt

cc: Magalie Roman Salas
To-Quyen Truong
Royce Dickens
Linda Senecal