

May 17, 2000

Magalie Roman-Salas
Secretary, Federal Communications Commission
445 12th Street, SW
Washington, DC 20554



RE: ***Notice of Ex Parte Presentation
CS Docket 99-251***

AT&T/Media One Acquisition

Dear Ms. Roman-Salas:

This letter memorializes a May 16, 2000 telephone conversation with conversation relating to CS Docket 99-251 between Andrew Jay Schwartzman of Media Access Project and Karen Edwards Onyeije, Legal Assistant to the Chairman.

Mr. Schwartzman described the relationship of the declaratory ruling which Consumers Union, *et. al.* (CU, *et. al.*) have requested and the pending AT&T/MediaOne merger application. Mr. Schwartzman referred to repeated complaints that CU, *et. al.* have interposed with respect to the abuse of "permit but disclose" procedures in this adjudicatory proceeding. He stated that AT&T has presented its case in scores of *ex parte* meetings, many of which have not been properly documented. CU, *et al.* have sought confirmation that material presented in such meetings may not be relied upon in reaching any FCC decision.

Mr. Schwartzman contended that there is no record in Docket 99-251 to support grant of a waiver in excess of six months' duration. The Commission is on record that six months is sufficient time to attain compliance with the Commission's horizontal ownership rules. To the extent that AT&T has made other arguments in *ex parte* presentations, that fact is unknown to the public. CU *et al.* are unable to address arguments made in secret.

Mr. Schwartzman emphasized that there is an important difference between allowing six months (as is provided under FCC policy governing its horizontal ownership stay) or twelve months within which to achieve compliance with the Commission's rules.. Mr. Schwartzman said that adhering to the 1992 Cable Act was a very powerful reason. He said that it is not possible to be certain as to why AT&T sought an 18-month waiver; moreover, despite reports that AT&T has indicated that a 12-month waiver might be acceptable to it, there is not a word in the public record indicating that AT&T has ever so

stated. In any event, based on inferences stemming from *ex parte* notices making reference to unspecified provisions of the TWE partnership agreement to which MediaOne is a party, it seems that AT&T may wish to avail itself of a right to force an IPO of the MediaOne interest, and this would take longer than six months to invoke. There are rumors, unsubstantiated by anything in the public record, that AT&T has discussed the tax consequences of delaying a Liberty Media spinoff until after March, 2001. Mr. Schwartzman said that these circumstances were exemplar of the legal dilemma the Commission faces were it to grant a waiver of more than six months.

Sincerely,

Andrew Jay Schwartzman

cc. Karen Edwards Onyeije