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October 18, 2002

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: Applications for Consent to the Transfer of Control of Licenses of Comcast Corporation and AT&T Corp.; MB Docket No. 02-70; Supplemental to the American Cable Association's Reply Comments

Dear Ms. Dortch:

On behalf of the American Cable Association ("ACA"), we write to supplement reply comments filed on May 21, 2002 in MB Docket No. 02-70. We attach the following to this letter: (1) a summary of the record pertaining to the Applicants' answers to ACA's questions concerning the proposed merger; and (2) ACA President Matthew M. Polka's May 22, 2002 press release.

Please advise if we can provide any further information.

Sincerely,

_____/s/_____
Emily A. Denney

Attachments

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EXHIBIT 1

Summary of the Record
Applicants' Answers to Questions Raised by ACA

1. Post-merger access by smaller cable systems to Headend-in-the-Sky digital programming

ACA's Question

"Will AT&T Comcast continue to make HITS services available to smaller market cable systems on fair and reasonable prices, terms, and conditions?"¹

Applicants' Response

"[T]he Applicants acknowledge the importance of continued access by smaller cable systems serving rural markets and their customers to digital programming provided via HITS, including many current AT&T Broadband systems in rural areas; American Cable Association noted the importance of such access in its comments in this proceeding."²

"The parties intend to continue to provide this service to such cable systems for the foreseeable future, to honor all existing service contracts, and to communicate in advance to HITS customers any substantial changes in the service relationship."³

2. Post-merger access by smaller cable systems to affiliated satellite programming

ACA's Question

"Will AT&T Comcast provide smaller market cable systems access to affiliated satellite programming on nondiscriminatory prices, terms, and conditions?"⁴

Applicants' Response

"ACA has expressed concern about the continued availability of vertically integrated programming that is distributed terrestrially and by satellite to smaller cable operators serving rural areas. It has been the practice of AT&T Broadband and Comcast to make such programming available to such smaller rural cable operators. The parties intend to continue that practice and would extend that practice to any new programming services they may create."⁵

¹ Comments of the American Cable Association, MB Docket No. 02-70 (filed April, 29, 2002) ("ACA Comments") at 9-10.

² AT&T Comcast Response to the Commission's Document and Information Request, MB Docket No. 02-70 (filed July 2, 2002) ("AT&T Comcast Response") at 2.

³ Reply Comments of AT&T Comcast, MB Docket No. 02-70 (filed May 21, 2002) ("AT&T Comcast Reply Comments") at 61-2. *See also* AT&T Comcast Response at 2.

⁴ ACA Comments at 10-12.

⁵ AT&T Comcast Reply Comments at footnote 297 (pp. 97-98).

3. Post-merger access by smaller cable systems to affiliated terrestrially delivered programming

ACA's Question

"Will AT&T Comcast distribute affiliated terrestrially delivered programming to smaller market cable systems on fair and reasonable prices, terms, and conditions?"⁶

Applicants' Responses

"Comcast has entertained no proposals, nor made any plans, regarding the pre- or post-merger terrestrial delivery of services that are currently delivered by satellite or of new programming services, and accordingly no documents responsive to this request are available. In this regard, Comcast wishes to underscore that it is particularly mindful of the importance of continued access to diverse programming by smaller market cable systems and their customers."⁷

"ACA has expressed concern about the continued availability of vertically integrated programming that is distributed terrestrially and by satellite to smaller cable operators serving rural areas. It has been the practice of AT&T Broadband and Comcast to make such programming available to such smaller rural cable operators. The parties intend to continue that practice and would extend that practice to any new programming services they may create."⁸

4. Post-merger access by smaller cable systems to digital TV Land

ACA's Question

"Will AT&T Comcast permit distribution to smaller market cable systems of programming currently withheld under exclusive contracts?"⁹

Applicants' Response

"Although AT&T has no... exclusive arrangement with TV Land and the owner of TV Land, Viacom, who controls all distribution rights for the network, has previously stated that TV Land has not been offered on an exclusive basis since 1999, the parties will investigate this matter further."¹⁰

⁶ ACA Comments at 12-14.

⁷ AT&T Comcast Response at 8.

⁸ AT&T Comcast Reply Comments at footnote 297 (pp. 97-98).

⁹ ACA Comments at 14-15.

¹⁰ AT&T Comcast Reply Comments at 105-106 [footnotes omitted].

EXHIBIT 2

May 22, 2002, [ACA Comcast Reply Letter MB Docket No 02-70.doc](#).

FOR IMMEDIATE RELEASE

For More Information, Contact:

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ACA Backs Comcast

The American Cable Association, which represents nearly 1,000 independent cable operating businesses throughout the United States, filed a letter with the Federal Communications Commission on Tuesday, May 21, giving its support to the Comcast-AT&T merger.

In a letter sent by ACA President Matt Polka to the Commission, the Association, whose members serve nearly 8 million subscribers in smaller towns and rural areas, said that Comcast and AT&T have demonstrated "responsible industry leadership" and "acknowledged the smaller market public interest concerns raised by ACA, and fairly and unequivocally responded to each of our questions. We anticipate that those responses will be included in the parties' filings today. As a result, based on the representations of the parties, ACA supports the merger and encourages expeditious review by the Commission."

In its initial comments on the AT&T-Comcast merger, ACA raised three important public policy goals for the Commission to consider in reviewing the merger application:

- *The preservation and promotion of program diversity in markets served by small cable systems.
- *The rapid deployment of facilities-based broadband services in smaller markets.
- *Maintaining a viable small cable sector that can respond to local community needs and interests in smaller markets.

ACA raised concerns that the proposed merger could potentially harm the public interest in these areas, because, if approved, AT&T-Comcast would control "Headend in the Sky" (HITS) -- the dominant digital cable delivery system for smaller markets -- and many satellite and terrestrially delivered channels.

On the programming issue, ACA said in its initial comments that, "Continued access to this programming on fair and reasonable prices, terms, and conditions is critical for

smaller cable systems to maintain viable channel lineups, especially in the face of intense competition from EchoStar and DirecTV."

As a result, ACA posed the following four questions on the record and asked the merger parties to answer each as part of a full and fair review of the public interest:

*Will AT&T Comcast continue to make HITS services available to smaller market cable systems on fair and reasonable prices, terms, and conditions?

*Will AT&T Comcast provide smaller market cable systems access to affiliated satellite programming on fair and reasonable prices, terms, and conditions?

*Will AT&T Comcast distribute affiliated terrestrially delivered programming to smaller market cable systems on fair and reasonable prices, terms, and conditions?

*Will AT&T Comcast permit distribution of programming services currently withheld from small cable systems because of exclusive contracts?

In his letter to the Commission, the ACA's Polka said the merger parties responded favorably to each of these questions.

"The parties' responses to ACA's questions demonstrate appropriate and responsible industry leadership. In response to ACA's comments, representatives of the parties initiated a dialogue with ACA, met with our leaders, and answered our questions fairly, directly, and without equivocation.

"The parties also acknowledged the important public interest issues that have been the core of ACA's agenda – the public interest in viable smaller market cable businesses and the public interest in program diversity in smaller markets through fair and reasonable access to programming. They have committed to memorializing these responses in their filings today.

"Beyond that, ACA commends AT&T and Comcast for their serious consideration of the public interest concerns of smaller market cable businesses and the consumers they serve. This reflects well on the character and leadership of the applicants, and we look forward to seeing continuing examples of such character and leadership after completion of the merger."

ACA asked the Commission to include its four questions and AT&T-Comcast's responses in the final order on the merger.

"This is an extremely important event in the history of the cable industry when the cable leader, the new Comcast, steps up to the plate and, on the record, says the issues of smaller market, independent cable businesses are important public policy

issues that must be recognized," said ACA's Polka. "We applaud Comcast's initiative to directly resolve these important questions on the record."

Polka said AT&T-Comcast's comments on the record at the FCC would acknowledge the importance of continued access by smaller market cable to HITS and would state their commitment to continue to provide it.

In addition, Polka said Comcast would state its commitment to continue to provide satellite and terrestrially delivered programming to independent cable for new or existing services and acknowledge the important public policy concern of continued access to diverse programming by smaller market cable systems and their customers.

Finally, Polka said Comcast would commit to investigate and address smaller, independent cable's inability to obtain access to "TV Land" in digital format because of reported exclusivity rights favoring AT&T Broadband.

"Our goal in Washington and in the cable industry is to make policy makers and participants understand that the concerns of independent cable businesses in smaller markets and rural areas are important and must be addressed in any telecommunications policy debate," said Polka. "I'm pleased to see that Comcast, as the new leader in the cable industry, has recognized and supported these important concerns right off the bat."

Based in Pittsburgh, the American Cable Association is a national trade organization that represents the needs and interests of cable operators. Its members serve customers in every state and in virtually every congressional district.