



Federal Communications Commission  
Washington, D.C. 20554

**REDACTED – FOR PUBLIC INSPECTION**

July 18, 2002

*VIA FACSIMILE AND ELECTRONIC MAIL*

Mr. James R. Coltharp  
Comcast Corporation  
2001 Pennsylvania Avenue, NW  
Suite 500  
Washington, D.C. 20006

Ms. Betsy J. Brady  
Vice President, Federal Government Affairs  
AT&T  
1120 20<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

**Re: Applications for Consent to the Transfer of Control of Licenses from Comcast Corporation and AT&T Corp., Transferors, to AT&T Comcast Corporation, Transferee, MB Docket No. 02-70**

Dear Mr. Coltharp and Ms. Brady:

On June 11, 2002, pursuant to section 308(b) of the Act,<sup>1</sup> the Commission requested additional information from Comcast Corporation ("Comcast") and AT&T Corp. ("AT&T") (collectively, the "Applicants"), in order to achieve a more complete evaluation of their applications seeking Commission consent to the transfer for certain licenses and authorizations to AT&T Comcast Corporation.<sup>2</sup> In that Request, the Commission asked the Applicants to provide documents and information by July 2, 2002. On July 2, 2002, the Applicants responded to the Request in a timely manner.

Upon review of the written responses and supporting documentation submitted by the Applicants in response to the Request, the Commission has determined that further information is required for a complete evaluation of the transfer application. Accordingly, we have attached hereto a further request for information and documentation. This further request stems from the

<sup>1</sup> 47 U.S.C. § 308(b); *see also* 47 C.F.R. § 1.65.

<sup>2</sup> Letter from Royce D. Sherlock, Chief, Industry Analysis Division, Media Bureau, FCC, to James R. Coltharp, Comcast Corporation, and Betsy J. Brady, AT&T (June 11, 2002) ("Request").

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Applicants' July 2, 2002, responses to the Commission's initial Request for information and documentation.

Because the further request references some information provided by the Applicants that is confidential and subject to protective order, a redacted version of this attachment will be included in the public record. Parties who wish to view the confidential portions of the attachment may do so pursuant to the procedures specified in the Protective Order adopted in this proceeding on March 29, 2002 (DA No. 02-734).

In order to expedite the Commission's review of the proposed merger, the Applicants should file their responses and documents as they are identified, rather than waiting for all to be prepared for submission. We would appreciate receiving your responses to the requests contained in the attachment by no later than **July 25, 2002**.

Unless otherwise noted, all of these requests extend to AT&T, Comcast, and each firm's respective affiliates or subsidiaries. These requests cover all forms of documentation, including all electronic versions and any copies with notations or interlineations. Please file an original plus one copy of your responses with Marlene H. Dortch, Secretary, Federal Communications Commission, pursuant to the filing procedures for ex parte submissions set forth in the March 29, 2002 Public Notice in this proceeding, as amended.<sup>3</sup> This notice specifies the number of copies that must be delivered to certain Commission staff. Any document that contains material deemed proprietary or confidential should be filed with the Commission pursuant to the Protective Order adopted in this proceeding on March 29, 2002 (DA No. 02-734).

If you have any questions regarding this matter, please contact me at (202) 418-2330.

Sincerely,

Royce D. Sherlock  
Chief, Industry Analysis Division  
Media Bureau

Attachment

cc: A. Richard Metzger

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<sup>3</sup> See *AT&T Corp. and Comcast Corp. Seek FCC Consent for a Proposed Transfer of Control*, Public Notice, DA 02-733 (rel. March 29, 2001), as modified by *Applications for Consent to the Transfer of Control of Licenses, Comcast Corporation and AT&T Corp., Transferors, to AT&T Comcast Corporation, Transferee, Erratum and Order Extending Filing Deadline*, DA 02-1033 (rel. May 3, 2002).

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**Further Document and Information Request**

**E. Broadband**

**Question E.2:** *Please provide a narrative description of each Applicant's plans, if any, to provide customers the ability to select an unaffiliated ISP as their primary ISP in the future and a schedule of when and where that service will be deployed. Please submit documentation necessary to support your response.*

**FOLLOW-UP QUESTION/REQUEST:** AT&T's response describes plans to offer a choice of ISP in Boston and Seattle pursuant to agreements with Earthlink and NET1 Plus. Please state whether ISP choice will be available to all of AT&T's Boston and Seattle cable modem subscribers. Which market(s) will each ISP serve?

**F. Technical Standards/ITV**

**Question F.3:** *The Application states that, in connection with the exchange agreement between Comcast, AT&T, AT&T Comcast and Microsoft (the "QUIPS Exchange Agreement"), Comcast and Microsoft have agreed to a binding term sheet which provides that the parties will conduct a trial of an ITV platform, including set-top box middleware.<sup>1</sup> Please provide a copy of the term sheet.*

**FOLLOW-UP QUESTION/REQUEST:** The term sheet states that Microsoft will provide [REDACTED]. Please explain what is meant by a [REDACTED] service and explain whether such service is consistent with Comcast's responses to questions E.4 and E.5.

**G. Telephony**

**Question G.1:** *For any AT&T cable system in which cable telephony was available to any subscribers as of December 1, 2001, please provide the following information in an electronic spreadsheet form: a) The number of homes passed by such system; b) The number of homes passed to which circuit-switched cable telephony services are offered; and c) The number of such homes passed that subscribe to circuit-switched cable telephony services.*

**FOLLOW-UP QUESTION/REQUEST:** The Applicants' response to this request requires clarification. The response to question G.1 lists 15 separate markets in which AT&T provides cable telephony services. However, in response to Question G.4 and the Application, AT&T states that it provides cable telephony services in 16 markets. Please explain this apparent inconsistency.

<sup>1</sup> *Applications for Consent to the Transfer of Control of Licenses, Comcast Corporation and AT&T Corp., Transferors, To AT&T Comcast Corporation, Transferee, MB Docket No. 02-70, Applications and Public Interest Statement at 8 (filed Feb. 28, 2002) ("Application").*

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**Question G.2:** *For each cable system included in the scope of your answer to Question 1 of this Section, please explain whether AT&T intended, prior to entering into the merger agreement, to upgrade such system to offer cable telephony services to additional homes passed by that system, and, if so, provide the schedule for completion of those upgrades. Please explain (i) the extent to which such scheduled upgrades will enable the provision of circuit-switched or Internet protocol ("IP") telephony and (ii) any changes or modifications that have been made or may be made to such schedule or to the type of technology to be deployed as a result of or in contemplation of the proposed transaction.*

**FOLLOW-UP QUESTION/REQUEST:** In response to this question, AT&T has provided [REDACTED]

[REDACTED] Please submit the requested information about upgrades that AT&T anticipates or plans [REDACTED], if any, or confirm that there are no such upgrades. In addition, please respond to clause (ii) of the second sentence of Question G.2. In your response, include information about any changes or modifications that have been or are being discussed or contemplated within AT&T, regardless of whether final decisions have been made regarding those changes or modifications. If no changes or modifications were discussed or contemplated, please so state.

**H. Benefits/Efficiencies to be Realized by Merger**

**Question H.6:** *The Applicants have stated that the merged entity "will have strong incentives to reduce prices" (Reply Comments, p. 22). What specific evidence supports a view that the proposed merger will result in reduced prices?*

- a. *Did AT&T lower rates or hold down rate increases for any services after its merger with Media One? If so, please quantify these merger-related rate effects and explain how they resulted directly from the merger.*
- b. *Please provide any documents, memoranda, or analyses in your possession which project consumer rates subsequent to the merger and discuss the merger's potential effect on consumer rates.*

**FOLLOW-UP QUESTION/REQUEST:** The Applicants state that AT&T Broadband price increases subsequent to the merger were below industry average (i.e., an increase of 4.8% as compared with 7.3% in 2001), and that the former Media One properties price increase was even lower, because these properties adopted the AT&T Broadband pricing methodology. To permit us to evaluate this assertion, please provide us with the combined subscriber weighted average price of the basic and expanded basic tiers for AT&T Broadband and separately for the former MediaOne properties as of June 1999, June 2000, June 2001, and June 2002.