

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION



In the Matter of
AMERICA ONLINE, INC., and
TIME WARNER INC.

Docket No. C-3989

Motion for Approval of Non-Affiliated ISP and Alternative
Cable Broadband ISP Service Agreement

Pursuant to Paragraph II.A.2. of the Decision and Order ("the Consent Decree") finalized by the Federal Trade Commission (the "Commission") on April 17, 2001,¹ AOL Time Warner Inc. ("AOLTW") moves the Commission for approval of (1) South Texas Internet Connections, Inc. ("STIC.NET"), and (2) the Alternative Cable Broadband ISP Service Agreement entered into between Time Warner Cable ("TWC") and STIC.NET to provide cable broadband ISP service in TWC's San Antonio, Houston and Austin, Texas divisions.²

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I. STIC.NET.

AOLTW seeks approval of STIC.NET and the Alternative Cable Broadband Agreement between TWC and STIC.NET dated October 4, 2001. That Agreement is based on the same economic model as the Agreement between TWC and EarthLink, Inc. ("EarthLink") that already has been approved by the Commission.

STIC.NET is a regional ISP based in San Antonio, Texas. STIC.NET currently provides dial-up and DSL service to consumers in thirty-eight Texas cities, including San Antonio and Austin.³ As of September 2001, STIC.NET provided Internet access to approximately 10,200 subscribers in these cities.

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Founded in March 1995, STIC.NET has emerged as the largest local ISP in San Antonio.⁴ STIC.NET distinguishes

³ The cities in which STIC.NET ISP service is offered include the following: Asherton, Austin, Bandera, Batesville, Big Wells, Bracketville, Carrizo Springs, Campellton, Castroville, Catarina, Christine, Cotulla, Crystal City, Devine, Eagle Pass, Encinal, Hondo, Karnes City, Karnes-Fall City, Kenedy, LaCoste, La Pryor, Laredo, Luling, Lytle, Marion, Medina Lake, New Braunfels, Pearsall, Pipe Creek, Pleasanton, Poteet, Runge, Sabinas, San Antonio, Seguin-Franklin, Seguin-McQueeney and Uvalde. See <<http://www.stic.net/services.html>>.

⁴ See <<http://www.stic.net/aboutus.html>>.

itself from other ISPs through its emphasis on customer service and responsiveness to customer needs. The rapidity with which STIC.NET has expanded its subscriber base is indicative of the responsiveness of prospective subscribers to its business model.

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STIC.NET can be expected to continue to provide vigorous competition as a provider of cable broadband ISP service over TWC's cable systems.

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III. Conclusion.

TWC expects to launch multiple ISP service in San Antonio and Houston

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TWC believes that the addition of STIC.NET's service to the list of ISPs that are scheduled to be launched in the San Antonio, Houston and Austin divisions, including AOL, Road Runner, and EarthLink, will prove to be beneficial for consumers by providing them with an array of different service and pricing choices. By approving STIC.NET now, the Commission will ensure that consumers in TWC's San Antonio, Houston and Austin divisions will have a choice of Cable Broadband ISPs when the service first becomes available.

The Cable Broadband ISP Service Agreement between TWC and STIC.NET is yet another example of AOLTW's ongoing efforts to enter Cable Broadband ISP Service Agreements with small and regional ISPs across TWC's cable divisions. By

providing prompt approval for STIC.NET and other regional ISPs in the coming months, the Commission will send a strong signal to consumers and ISPs alike that small and regional ISPs will play an important role in AOLTW's multiple ISP plans.