

Stephen Heins response to discussion and questions in Conference Call with FCC:

Introduced himself and NorthNet including a description of the services offered by NorthNet.

Stated that it was he who filed a copy of the Time Warner Term Sheet with the FTC and FCC. He also filed an open letter recently with FTC and FCC detailing anti-competitive objections to TW Terms.

TW Term sheet represents a significant barrier for entrance to ISPs with many layers of potential anti-competitive behavior that could remain for future use.

Stated that the most important problem for ISPs is that the delay in access has permitted first mover advantage to cable companies like Time Warner and then it allows them to lock customers into cable due to switching cost of going from first ISP to another ISP.

Every subscriber that goes to cable today is a subscriber that independent ISPs will never have an opportunity with.

If ISPs listen carefully to TW, there will not be open access to their system till 2002 under the best of conditions, which is well after any approval of the AOL/Time Warner merger.

Pointed out that independent ISPs have brought Internet to this country, training it, providing high level customer service, Internet education, and solving digital divide or acted as "midwives and nannies to the first and second generation of Internet users.

Compared small ISPs to local banks, both who provide the kind of individual service that many local or area customers find valuable. TW terms are barriers to continued ISP contribution in the Third Generation of Internet services.

Remarked that the Term Sheet was issued to some 40-75 ISPs a full six months after MOU.

When asked about the Time Warner MOU, Heins said that the devil was in the LACK of detail.

Have continuously tried to work with TW on gaining access.

Recounted some parts of the delaying tactics and anti-competitive rhetoric in part to show the pattern of behavior from a historical perspective.

Has been given run around from one office to another for 15 months, also has read many Time Warner stories telling me that inter-operability is not possible.

Stephen Heins and Douglas Hanson accepted Chairman Kennard's request to construct an Open Access Business Model that ISPs could endorse.