

DOCKET FILE COPY ORIGINAL

PART 90

Form 703 for The SNET Telco

DOCKET FILE COPY ORIGINAL

ARNOLD & PORTER

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February 20, 1998

Federal Communications Commission
Transfer of Control
P.O. Box 358310
Pittsburgh, PA 15251-5310

Re: Application of Southern New England
Telecommunications Corporation and
SBC Communications Inc. for Authority, Pursuant
to Part 90 of the Commission's Rules, to Transfer
Control of Licenses Controlled by Southern New
England Telecommunications Corporation

Dear Sir/Madam:

Enclosed for filing please find an original and four copies of the application of SBC Communications Inc. and Southern New England Telecommunications Corporation for authority pursuant to Part 90 of the Commission's Rules to transfer control of certain licenses under Part 90 held by The Southern New England Telephone Company (Call Signs KFC657 et al.). Also enclosed is a check payable to the Federal Communications Commission in the amount of \$810.00 for the prescribed filing fee.

Please direct questions or correspondence concerning SBC Communications Inc.'s portion of this application to:

Wayne Watts
General Attorney
SBC Communications Inc.
175 E. Houston
San Antonio, TX 78205
210-351-3476 (voice)
210-351-3488 (facsimile)

Please direct questions or correspondence concerning the portion of this application dealing with Southern New England Telecommunications Corporation (and its subsidiaries) to:

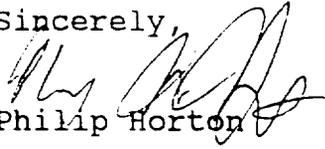
ARNOLD & PORTER

Federal Communications Commission
February 20, 1998
Page 2

Alfred J. Brunetti
Assistant General Counsel
Southern New England Telecommunications
Corporation
227 Church Street
New Haven, CT 06510
203-771-5507 (voice)
203-771-6577 (facsimile)

Thank you for your assistance.

Sincerely,


Philip Horton

Enclosures

ARNOLD & PORTER

555 Twelfth Street, N.W.
Washington, D.C. 20004-1202

Bankers Trust (Delaware)
Wilmington, Delaware
in Cooperation With
Crestar Bank N.A. **CRESTAR**
Washington, DC

325439

62-38
311 

Date February 19, 1998

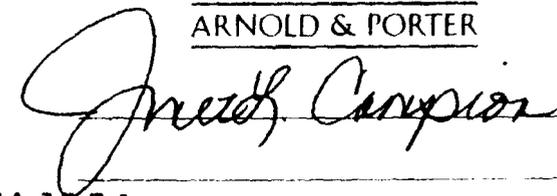
PAY EIGHT HUNDRED TEN & NO/100

DOLLARS \$ 810.00

CDA Number 200564367

PAY
TO
THE
ORDER
OF
FCC

ARNOLD & PORTER



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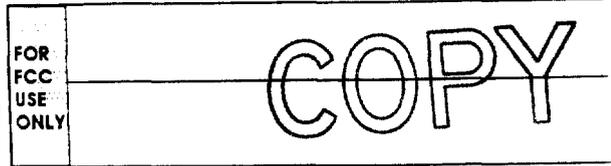
00564367⑈

Invoice: 0219981 02/19/1998 amount: 810.00
Form 703 transfer of SNET telephone Co. licenses to SRC

325439

Approved by OMB
3060-0053
Expires 11/30/99
See reverse for public
burden estimate.

UNITED STATES OF AMERICA
FEDERAL COMMUNICATIONS COMMISSION



PART I - APPLICATION FOR CONSENT TO TRANSFER CONTROL OF CORPORATION HOLDING STATION LICENSE
(This application must be filed before Transfer of Control takes place)

1. (a) Name of corporate licensee THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY		
(b) Number and street address 227 CHURCH STREET		
(c) City NEW HAVEN	(d) State CT	(e) ZIP Code 06510
2. Internet address: wendy.bluemling@snet.com		3. Taxpayer Identification Number 06-0542646
4. Call sign and radio service of each station SEE EXHIBIT 1		

5.(a) Fee Type Code PATM	(b) Fee Multiple 18	(c) Fee Due \$ 810.00	FOR FCC USE ONLY
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6. Name(s) and Address(es) of transferee SBC COMMUNICATIONS INC. 175 EAST HOUSTON, SAN ANTONIO, TX 78205	
--	--

7. Subsequent to the Transfer of Control, will the licensee corporation be the same corporate entity? That is, will it retain its present name, corporate charter, State of incorporation, etc.? If "NO", give details on Page 3.	YES	NO
	X	

8. Subsequent to the Transfer of Control, will the licensee corporation be a representative of any foreign government? If "YES", give details on Page 3.	YES	NO
		X

9. THIS SECTION TO BE ANSWERED ONLY BY LICENSEES OF PUBLIC COAST, AIRPORT CONTROL TOWER, AERONAUTICAL ENROUTE, AERONAUTICAL FIXED, OR COMMON CARRIER ALASKA PUBLIC FIXED STATIONS. SUBSEQUENT TO THE TRANSFER OF CONTROL: **N/A**

(a) Will any officer or director of such corporation be an alien? If "YES", see instruction 6.	YES	NO

(b) Will more than 1/5 of the capital stock be either owned of record or may it be voted by aliens or their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country? If "YES", see instruction 6.	YES	NO

(c) Will the licensee be directly or indirectly controlled by any other corporation? If "YES", answer items (d) through (h) below.	YES	NO

(d) What is the name and address of the corporation in immediate control?	YES	NO

(e) Under the laws of what State or Country is the controlling corporation organized?	YES	NO

(f) Is more than 1/4 of the capital stock of controlling corporation either owned of record or may it be voted by aliens or their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country? If "YES", give details on Page 3.	YES	NO

(g) Is any officer or more than 1/4 of the directors of the controlling corporation an alien? If "YES", on Page 3 state name, nationality, and position of each, and state the total number of directors, and give a brief biographical statement for each alien.	YES	NO

(h) Is the controlling corporation in turn controlled by other companies? If "YES", on Page 3, or a separate sheet of paper, provide information for each of these controlling companies covering information requested in items (d) through (h).	YES	NO

CERTIFICATION

- Applicant waives any claim to the use of any particular frequency regardless of prior use by license or otherwise;
- Applicant will have unlimited access to the radio equipment and will control access to exclude unauthorized persons;
- Neither applicant nor any member thereof is a foreign government or representative thereof;
- Applicant certifies that all statements made in this application and attachments are true, complete and made in good faith;
- Neither the applicant nor any other party to the application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance.

WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. CODE, TITLE 18, SECTION 1001), AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. CODE, TITLE 47, SECTION 312(A)(1)), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503).

SIGNATURE <i>Michelle Macaouda</i> <small>Authorized Employee of Licensee Corporation</small>	DATE 2/19/98
SIGNATURE <i>[Signature]</i> <small>(Transferee of Control (Check one))</small>	DATE February 18, 1998
<input type="checkbox"/> Individual <input type="checkbox"/> Partner <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other (Specify): _____	

DETAILS / ADDITIONAL INFORMATION:

SEE EXHIBIT 2

UNITED STATES OF AMERICA
FEDERAL COMMUNICATIONS COMMISSION

PART II - AUTHORIZATION TO HOLD STATION LICENSE(S) AFTER TRANSFER OF CONTROL OF CORPORATION

1. Name and mailing address of corporate licensee

THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY
227 CHURCH STREET
NEW HAVEN, CT 06510

2. Call sign and radio service of each station

SEE EXHIBIT 1

DO NOT WRITE IN THIS BLOCK

CONDITIONS OF GRANT

The corporate licensee is hereby authorized to continue holding the radio station license(s) listed in item 2 on the basis of the representations made in the application for this authorization.

This authorization is granted for the term of the outstanding license(s) for the station(s) listed in item 2.

DATE AUTHORIZED:



**FEDERAL
COMMUNICATIONS
COMMISSION**

**THIS AUTHORIZATION TO BE FILED WITH
CORPORATION'S RADIO STATION RECORDS**

Part 90

Southern New England Telephone Co.

Call Sign	Radio Service
KFC657	IT Telephone Maintenance Radio Service
KNDA671	IT Telephone Maintenance Radio Service
KDH288	IT Telephone Maintenance Radio Service
WXN895	IT Telephone Maintenance Radio Service
KFC656	IT Telephone Maintenance Radio Service
KDH289	IT Telephone Maintenance Radio Service
KDH241	IT Telephone Maintenance Radio Service
KFC655	IT Telephone Maintenance Radio Service
KTI849	IT Telephone Maintenance Radio Service
KNDA670	IT Telephone Maintenance Radio Service
KIZ762	IT Telephone Maintenance Radio Service
KNDC697	IT Telephone Maintenance Radio Service
KDH290	IT Telephone Maintenance Radio Service
KDH291	IT Telephone Maintenance Radio Service
KE3050	IT Telephone Maintenance Radio Service
KAU773	IT Telephone Maintenance Radio Service
WNJN897	IT Telephone Maintenance Radio Service
KA8725	IB Business Radio Service

*DESCRIPTION OF TRANSACTION,
PUBLIC INTEREST SHOWING
AND RELATED DEMONSTRATIONS*

I. Introduction

These applications seek Commission approval for the transfer of control of certain FCC authorizations held by subsidiaries of Southern New England Telecommunications Corporation ("SNET") from SNET, as the parent of the licensees, to SBC Communications Inc. ("SBC"), as the proposed new parent of SNET.¹ A list of the categories of FCC authorizations controlled by SNET appears at Attachment A to this Exhibit. Separate applications are being filed for each class of authorizations.

II. The Proposed Transaction

On January 4, 1998, SBC and SNET entered into an Agreement and Plan of Merger (the "Plan"), under which SNET would become a first tier, wholly-owned subsidiary of SBC. A copy of the Plan appears at Attachment B to this Exhibit. The Applicants plan to consummate the merger by the end of 1998, after the

¹ SBC and SNET are jointly referred to as the "Applicants."

necessary federal and state regulatory approvals have been received² and certain other preconditions have been met.

Under the Plan, SBC (CT) Inc., a wholly-owned SBC subsidiary formed to accomplish the merger, will merge into SNET, and the stockholders of SNET will receive, on a tax-free basis, newly-issued shares of SBC. The Plan provided for an exchange ratio of 0.8784 shares of SBC common stock for each share of SNET common stock. However, on January 30, 1998, SBC announced a 2 for 1 stock split which will modify the exchange ratio to allow each SNET stockholder to receive 1.7568 shares of SBC stock for each share of SNET stock.³ No previously outstanding SBC stock will be sold in connection with this transaction.

Following the merger, SBC will own all of the stock of SNET. SBC itself will be owned approximately 94% by the pre-merger shareholders of SBC and 6% by the pre-merger shareholders of SNET.⁴ SNET will continue to

² A description of these regulatory approvals, in addition to this Commission's review, is set forth in Section VI, below.

³ On January 2, 1998, before the merger announcement, SBC common stock was trading at \$74.94 and SNET common stock was trading at \$49.63.

⁴ At this time, SBC has approximately 920 million
[Footnote continued on next page]

own the stock of The Southern New England Telephone Company ("the SNET Telco"), The Woodbury Telephone Company ("Woodbury") and SNET's other subsidiaries. Those entities will continue to hold all of the FCC authorizations they currently hold. While SBC will become the new parent of SNET, there will be no transfer of direct control of the FCC authorizations since the current licensees will continue to hold their authorizations. SNET's operating headquarters will remain in Connecticut, its businesses will continue to operate under the SNET name in Connecticut, and an additional SBC Board seat will be created for a current member of the SNET Board.

III. Description of the Applicants

A. SBC

SBC's principal businesses consist of the local exchange, wireless and directory publishing services provided by operating subsidiaries of SBC. Since

[Footnote continued from previous page]
common shares outstanding and, after the stock split, it will have approximately 1.84 billion shares outstanding. SNET has approximately 300 million authorized common shares, of which approximately 69 million are issued and 66 million are outstanding. At the post-split exchange ratio of 1.7568, approximately 116 million new shares of SBC stock would be issued to SNET stockholders, representing approximately 6% of the new total of SBC shares.

enactment of the Telecommunications Act of 1996 ("1996 Act"), subsidiaries of SBC have also begun to provide Internet access service, and interexchange service outside of the seven states in which SBC subsidiaries are incumbent local exchange carriers ("ILECs").⁵ SBC also has a number of international interests.

The ILEC subsidiaries of SBC are Southwestern Bell Telephone Company ("SWBT"), Pacific Bell and Nevada Bell. SWBT has 15.7 million local exchange access lines within Texas, Missouri, Oklahoma, Kansas and Arkansas. Pacific Bell and Nevada Bell together have 17.7 million local exchange access lines within California and Nevada.

Both within those seven states, and in several other major areas, SBC's commercial mobile radio service ("CMRS") subsidiaries -- Southwestern Bell Mobile Systems ("SBMS"), Southwestern Bell Wireless, Inc. ("SWBW") and Pacific Bell Mobile Services ("PBMS") -- provide cellular and PCS services, including both local and interexchange wireless service, to a population of

⁵ SBC's seven "in-region" states are Arkansas, California, Kansas, Missouri, Nevada, Oklahoma and Texas.

over 73 million persons. These companies currently serve over 5.6 million CMRS customers.⁶

SBC's international telecommunications interests include investments in telecommunications companies in Mexico, France, the UK, Chile, South Africa, Israel, South Korea, Taiwan and Switzerland, and an investment in a proposed transpacific undersea cable system.

B. SNET

Today, SNET's businesses consist principally of the provision of local exchange, long distance and cellular service to customers in Connecticut. The SNET Telco is the oldest telephone company in the United States, having been established in 1878. Subsidiaries of SNET also provide directory publishing, cable television, Internet access and data services in Connecticut, as well as cellular service in Rhode Island and in western and southeastern Massachusetts.⁷

⁶ SBMS operates SBC's out-of-region cellular systems in the Chicago, Boston and Baltimore/Washington metropolitan areas, and in Upstate New York. SWBW operates SBC's cellular and PCS systems within the five in-region states served by SWBT. PBMS operates PCS systems in California and Nevada.

For ease of reference, SBMS and SWBW -- SBC's two cellular companies -- are hereafter jointly referred to as SBMS.

⁷ There is no overlap between the cellular systems of SBC and SNET in Massachusetts (or elsewhere). In
[Footnote continued on next page]

The SNET Telco serves 1.5 million customers with 2.3 million local access lines. SNET's long distance subsidiary, SNET America, Inc. ("SAI"), provides long distance service to 923,000 customers, and it also resells local service in Connecticut. Other subsidiaries of SNET provide cellular service, including local and interexchange wireless service, to approximately 460,000 customers within a population of 5.6 million persons. SNET's cable subsidiary, SNET Personal Vision, Inc., which is operating a competitive cable system in Connecticut, currently serves approximately 11,000 customers.

On January 24, 1997, SNET submitted to the Connecticut Department of Public Utility Control ("CDPUC") a proposal to restructure the SNET Telco into separate retail and wholesale business units. The CDPUC approved this proposal on June 25, 1997, subject to certain modifications. As a result of this restructuring, the SNET Telco will cease offering retail services by May 1999, and SAI will then be SNET's sole retail provider of local exchange and long distance

[Footnote continued from previous page]
Massachusetts, SBC provides cellular service in the Boston and Worcester-Fitchburg MSAs and in the Massachusetts 2 RSA. SNET provides cellular service in the Springfield-Chicopee-Holyoke, New Bedford-Fall River and Pittsfield MSAs and in the Massachusetts 1 RSA.

service. The SNET Telco will continue to function as an ILEC and a public service company, with the business purpose of meeting the needs of competing exchange carriers and other wholesale customers.

IV. Background Regarding the Merger

The SNET Telco has a long history as a local exchange carrier and a record of innovation and service. Indeed, SNET has been in the forefront of the industry in infrastructure development and product deployment, consistent with the demands of the Connecticut market and the State of Connecticut's goals for a sophisticated network infrastructure.

However, as explained below in this section, several recent factors -- including a reduction in SNET's scale and scope in relation to its principal competitors; the need for increased marketing and product development resources to respond to increasing competition; and a better understanding of the substantial costs SNET would have to incur to fulfill its market-opening initiatives (most of which are fixed costs that have little or no relation to scale) -- when combined with the ever-present demands of managing and maintaining its networks, led SNET to the conclusion that it needed to become part of a larger company to

maintain its ability to achieve its goals for itself, its customers and the State of Connecticut. After a careful review, the SNET Board of Directors approved the merger of SNET and SBC on January 4, 1998.

SNET's focus on the Connecticut market will not change as a consequence of this merger with SBC. To the contrary, the merger will enable the SNET Telco, and SNET's other operating subsidiaries, to fulfill their goals to serve their customers with high quality service and advanced products, and to compete effectively in the emerging telecommunications marketplace.

Many factors influenced SNET's decision, but most important was SNET's conclusion that it needed to become part of a successful telecommunications company with a larger scope and scale in order to achieve its strategic goals in a rapidly changing marketplace and regulatory environment. Scope and scale have always been important in the telephone industry. They are more important than ever today, as the industry undergoes a turbulent and expensive transition from monopoly to competition, and as the need to develop and market new products and services accelerates. The SNET Telco faces a particularly difficult challenge. On the one hand, with approximately \$2 billion in annual revenues and 2.3 million access lines, the SNET Telco is both too large

and serves too sophisticated a customer base to do anything but accept and comply fully with the many new, market-opening and other regulatory requirements it faces, and to incur their attendant costs. On the other hand, the SNET Telco is too small to be able to compete effectively with its principal competitors, which are growing even larger through recently-announced mergers.

For example, AT&T, with annual revenues of \$52 billion, announced on January 8, 1998, its plans to acquire Teleport Communications Group ("TCG"). Both of those companies are already competing in Connecticut's local market: AT&T as a reseller since March 1997, and TCG as the operator of an extensive fiber network in Connecticut since 1994. TCG is currently the largest alternative facilities-based local switch provider in Connecticut, offering competing wholesale and retail services. Its network spans over 364 route miles (and 12,520 fiber miles) and includes New London, New Haven, Fairfield, Litchfield and Hartford counties and is served by a switch that is interconnected to two SNET offices.⁸

⁸ See New Paradigm Resources Group, Inc., 1997 Annual Report on Local Telecommunications Competition at pp. 509, 516 (8th ed. 1997).

Another example is WorldCom. Its acquisition of MCI will combine three facilities-based networks in Connecticut with the second largest interexchange carrier in the country. Already, WorldCom is the nation's fourth largest interexchange carrier with annual revenues of \$4.5 billion. It recently acquired MFS Communications ("MFS") -- the largest competitive local exchange carrier in the country -- and it has just completed its acquisition of Brooks Fiber Properties ("Brooks Fiber"). MFS's Hartford network has been in operation since 1994. Brooks Fiber also has a Hartford network and a Stamford network, with fully redundant fiber rings and a Lucent 5ESS central office switch. With MCI, WorldCom would acquire a third fiber network in Hartford and a second switch in that city, and the combination of WorldCom and MCI will result in a company with annual revenues of approximately \$27 billion.⁹

While SBC had no plans to compete with SNET in any telecommunications market in Connecticut, the list of actual and potential local and long distance competitors in Connecticut, with resources larger than

⁹ Additional information regarding fiber deployment in Connecticut and throughout the country is set forth in the Commission's Fiber Deployment Update: End of Year 1996 (rel. Aug. 29, 1997). See pp. 2, 5, 6 and 46 et seq. of that report.

SNET, is not limited to those listed above.¹⁰ Rather, it also includes Sprint (with \$14 billion in annual revenues), GTE (with \$13 billion in annual revenues) and, of course, Bell Atlantic which has facilities, customers and brand name recognition in the state. A Bell Atlantic subsidiary currently operates a public service company within a portion of Connecticut, in addition to Bell Atlantic's statewide wireless operations.¹¹ Indeed, to date, over 30 companies have

¹⁰ The size of SNET's main competitors -- most of whom already have network facilities in Connecticut -- also gives them other advantages. As very large buyers of equipment and other products, they are able to negotiate large discounts with vendors. As very large providers of service, they can distribute the costs of funding or soliciting bids for the development of new technology over an extended base of operations. Over the long term, in an industry governed by such strong economies of scale and scope, SNET would find it increasingly difficult to compete effectively against rivals that are ten to twenty times its size.

¹¹ Other actual and potential competitors also include TCI, the country's largest cable operator with annual revenues of \$8 billion. TCI chose Connecticut as the first state in the nation in which to offer its integrated digital services. In October 1996, TCI began selling Hartford customers telephone, cable and Internet access services, including TCI's People Link local phone service, ALL TV digital video service, and @Home high-speed Internet access. Other cable television companies, such as Cablevision Systems (which recently announced plans to acquire TCI's Connecticut cable properties), Cox Communications and Comcast also have facilities, customers and brand name recognition in Connecticut, and have been certified to compete with SNET. These cable companies together have networks that cover approximately 70% of Connecticut.

been certified to offer local exchange service, and over 230 companies have been authorized to provide intrastate toll service, in Connecticut.¹²

In addition, the SNET Telco is now spending considerable sums and devoting staff resources to comply with the market-opening and competition-enabling mandates under Connecticut and federal law. Under Connecticut law and the 1996 Act, the SNET Telco has been opening its networks to these and many other larger rivals. It has been doing so for several years.

Two years before the passage of the 1996 Act, the Connecticut legislature enacted a comprehensive law that imposed market-opening obligations on the SNET Telco, such as interconnection and unbundling requirements.¹³ Section 251 of the 1996 Act reinforced

¹² A list of certified local exchange carriers appears at Attachment C to this Exhibit, and a list of intrastate toll carriers appears at Attachment D to this Exhibit. The CLEC list was obtained from the DCPUC (via telecopy) on February 19, 1996, and the intrastate toll list was printed from the CDPUC's web page (www.dpuc.state.ct.us) on February 18, 1998.

SNET has lost approximately 25% of its intrastate toll presubscribed lines to these competitors. In addition, SNET's loss of intrastate market share, based on minutes of use, has been greater than its gain of interstate market share, based on minutes of use.

¹³ See e.g., Conn. Gen. Stat. Ann. §§ 16-247a-1 (West Supp. 1997) (codifying 1994 Conn. Pub. Acts 83); In re
[Footnote continued on next page]

some of Connecticut's 1994 mandates and extended others. Like other local phone companies,¹⁴ the SNET Telco is modernizing its network, its switching, its AIN platforms and its outside plant facilities, while devoting substantial efforts to developing interfaces and mechanized access to its operations support systems for its competitors to use for ordering, provisioning, maintenance and billing. However, unlike many other phone companies, the SNET Telco must spread the cost of these initiatives over a comparatively small base of operations. As the SNET Telco develops access to its operations support systems, for example, it must select,

[Footnote continued from previous page]
Southern New England Telephone Company, Order, 177 P.U.R.4th 340 (Conn. D.P.U.C. 1997) (authorizing unbundling by LECs); In re Participative Architecture Issues, Order, 177 P.U.R.4th 332 (Conn. D.P.U.C. 1996) (implementing 1994 Conn. Pub. Acts 83 to regulation of state telecommunications market); In re Southern New England Telephone Company, Decision, 1995 WL 807764 (Conn. D.P.U.C. 1995) (initiating proceeding to unbundle local telecommunication networks); In re DPUC Investigation into the Competitive Provision of Local Exchange Service in Connecticut, Decision, 1995 WL 507795 (Conn. D.P.U.C. 1995) (assessing competition among LECs with respect to new telecommunication laws); In re Vision for Connecticut's Telecommunications Infrastructure, Order, 156 P.U.R.4th 463 (Conn. D.P.U.C. 1994) (laying regulatory foundation for future implementation of 1994 Conn. Pub. Acts 83).

¹⁴ The United States Telephone Association estimates that the Bell Operating Companies and GTE have spent close to \$4 billion since February 1996 upgrading their networks and operations support systems in order to comply with the 1996 Act's requirements.

administer and implement solutions for 2.3 million access lines. SBC, by contrast, makes the same changes over a base of over 33 million access lines.

After considerable deliberation, SNET determined that joining forces with SBC would best achieve SNET's increasing need for greater scale and scope. SNET believed this was necessary to provide its customers with the broad range of telecommunications products and services they are demanding, and with the new competitively-priced products and services they will demand in the future. SNET also concluded that the merger would be in the best interests of its employees and shareholders. While SNET's management had explored various alternatives to a merger -- including joint ventures and other business alliances in specific product areas, as well as the possibility of strategic acquisitions or investments -- SNET's management ultimately concluded that a combination with SBC was the company's best strategic option, for several reasons.

First, SNET concluded that SBC's financial, technological, network, marketing, and sales expertise and resources would enable SNET to accomplish its long-term growth strategies and to compete more effectively. Second, it believed that access to SBC's personnel and other resources would facilitate SNET's

ability to introduce new products and services. Third, SNET recognized that SBC has complementary strengths and expertise in providing and marketing local wireline and wireless services. Fourth, SNET was impressed with SBC's record of success in completing business combinations and integrating geographically diverse businesses, as evidenced by SBC's acquisition of the Pacific Telesis Group ("Telesis") and its international activities. Fifth, SNET believed that there should be no regulatory or antitrust obstacles to the merger, because SNET's and SBC's wireline operations share no geographic boundaries, and because there was no actual, planned or potential competitive overlap between their existing wireline or wireless operations. Finally, SNET's management took into account the fact that, after the merger, SNET would continue to operate as a separate business unit, with its operating headquarters and employee base in Connecticut. This factor is important to the State of Connecticut and to SNET's customers and employees.

In short, in the face of the changes that are sweeping the telecommunications industry, SNET concluded that joining forces with SBC would best enable SNET to continue to expand its service offerings, to maintain and advance its networks and associated infrastructure,

to maintain its unique identification with Connecticut and its status as a viable competitor, while at the same time assuring its customers of the highest quality service.

SBC shared many of these same beliefs. SBC also concluded that a merger with SNET would be in the best interests of the combined company's customers, employees and shareholders. As described more fully below, SBC believed that the merger would not produce any anticompetitive effects, but rather, it would produce a number of procompetitive, public interest benefits in the markets for wireless, wireline and long distance service, and it would enhance the combined company's position as one of the leading telecommunications companies in the country.

V. Public Interest Statement

A. The Applicable Standard of Review

In order to approve the transfer to SBC of ultimate control of the FCC authorizations now held by subsidiaries of SNET, the Commission must find that the transfers are consistent with the public interest, convenience and necessity. In making that finding, the Commission will consider whether SBC is qualified to control the FCC authorizations in question, and whether