DOCKET FILE COPY ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED

FEB 15 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
GTE Corporation, Transferor	)	
	)	
and	)	CC Docket No. 98-184
	)	
Bell Atlantic Corporation, Transferee	)	
	)	
For Consent for Transfer of Control	)	

COMMENTS OF THE
COMMUNICATIONS WORKERS OF AMERICA

The Communications Workers of America ("CWA") is a union representing 630,000 workers, primarily in the telecommunications industry, who are also consumers of telecommunications services. There are 72,000 members of CWA at Bell Atlantic and 25,000 members at GTE. CWA strongly supports the merger of Bell Atlantic and GTE, and again encourages the Commission to approve it. CWA appreciates the opportunity to comment specifically on the potential Section 271 issues raised by the merger, and the competitive benefits that the merger will have in the market for advanced services.

I. The Merger Will Increase Competition in the Internet Backbone Market

By approving the merger, the FCC will facilitate the eventual entry of a local exchange carrier into the vitally important advanced services market, once Bell Atlantic attains § 271 approvals. The Commission will also assure that the fourth-largest Internet backbone provider retains the financial wherewithal to compete with its interexchange carrier-owned rivals.

0+4

Maintaining competition in the Internet backbone market is critical to ensuring access to advanced services at fair and reasonable rates. The sheer size and capital of the largest players in the Internet backbone market demands that the smaller providers, such as GTE-I find merger partners. Combining the assets of GTE-I with the customer base, capital, and service offerings of Bell Atlantic will ensure that GTE-I remains a strong competitor in the backbone market, and will create a viable competitor with the staying power to compete in this critical area.

It is difficult to imagine a better partner for GTE-I than Bell Atlantic. As a local exchange carrier, Bell Atlantic has a broad base of customers, and offers a wide range of telecommunications services. Bell Atlantic also understands the importance of universal access to services, and the need to provide, good, high-paying union jobs to its employees. The Communications Workers of America would prefer that the merger be granted without the requirement of DataCo. Providing Bell Atlantic the opportunity to acquire DataCo after it is granted § 271 authority to offer interLATA services appears to be the best regulatory outcome to ensure the survival of another major viable Internet backbone competitor. We would note that consumers will be deprived of the benefits flowing from the entry of an integrated Bell Atlantic/GTE/GTE-I internet backbone carrier.

II. The Bell Atlantic/GTE Proposal is Consistent With Section 271, and Serves the Public Interest.

A Commission grant of approval for this merger formulation will also fulfill both the letter and spirit of Section 271 of the Telecommunications Act of 1996 (the "Act").[1]

[1] *See* 47 USC § 271.

Bell Atlantic and GTE have demonstrated that the new entity, DataCo, will not be an affiliate of Bell Atlantic/GTE, as contemplated by Section 271.[2] The ten percent ownership retained by Bell Atlantic/GTE is permissible under the Act, and the limited number of investor safeguards contained in the Merger Agreement are comparable to those allowed by the Commission in the past.[3]

Furthermore, the options to reacquire the company, once the necessary regulatory approvals have been granted, do not constitute equity for the purposes of the statute. As the FCC has recognized many times, a future contingent interest such as an option should not be treated as a present ownership interest because of the uncertainty surrounding whether it will ever be exercised.[4] As a result, the proposal suggested by Bell Atlantic and GTE is wholly consistent with the specific requirements of § 271.

Finally, if the Commission approves the Bell Atlantic/GTE proposal, it will increase, rather than decrease, the incentives for Bell Atlantic to open its markets to competition. Section 271 encourages local exchange carriers to open their local service areas to competition by holding out the promise of access to interLATA markets. Even

---

[2] *See In the Matter of GTE Corporation, Transferor and Bell Atlantic Corporation, Transferee, for Consent to Transfer of Control*, CC Docket No. 98-184, Supplemental Filing of Bell Atlantic and GTE, (January 27, 2000) ("*Bell Atlantic/GTE Supplemental Filing*") at 30.

[3] *See, e.g., In re Applications of Puerto Rico Telephone Authority*, 14 FCC Rcd 3122 (1999); *In re Applications of Roy H. Speer*, 11 FCC Rcd 14147 (1996); *Applications of Quincy D. Jones*, 11 FCC Rcd 2481 (1995).

[4] *See, e.g., Biennial Review of Spectrum Aggregation Limits*, Report and Order, WT Docket No. 98-205 (Sept. 22, 1999); *In re Woods Communications Group*, 12 FCC Rcd 14042 (1997); *In re Time Warner Cable*, 12 FCC Rcd 23363 (1997); *Fox Television Stations, Inc.*, 11 FCC Rcd 5714 (1995); *Attribution of Ownership Interests*, 97 F.C.C. 2d 997 (1984).

in the abstract, this is powerful motivation, and Bell Atlantic has shown that it takes the challenge of Section 271 seriously by becoming the first RBOC to meet the requirements of the competitive checklist.[5]

Approval of the DataCo structure takes these abstract incentives and makes them concrete. Bell Atlantic/GTE will know exactly what it stands to gain and lose by either securing or failing to obtain the necessary Section 271 approvals. Given the five-year duration of the options for DataCo, it is abundantly clear that Bell Atlantic/GTE will have incentives to achieve goals before that time. Furthermore, the ability to offer an integrated telecommunications service throughout Bell Atlantic's service area will encourage the company to achieve Section 271 approvals as soon as possible, perhaps even prior to the expiration of the five-year period.

III. Conclusion

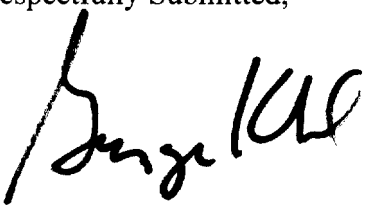
The Commission should approve the merger structure suggested by Bell Atlantic and GTE. The proposed structure will allow for increasing competition in the important Internet backbone market. Moreover, the arrangement complies with the specific requirements of Section 271. Indeed, the structure will increase the incentives of Bell

---

[5]On December 22, 1999, Bell Atlantic became the first RBOC to receive approval under § 271 to offer long-distance service, and to date remains the only RBOC that has received such approval. See *Application of New York Telephone Company (d/b/a Bell Atlantic – New York), Bell Atlantic Communications, Inc., NYNEX Long Distance Company, and Bell Atlantic Global Networks, Inc., for Authorization to Provide In-Region, InterLATA Services in New York,* CC Docket No. 99-295, Memorandum Opinion and Order, FCC 99-404, rel. December 22, 1999.

Atlantic/GTE specifically, and RBOCs generally, to meet the competitive checklist and provide competitive access in all of their markets. We urge the Commission to approve the DataCo proposal without change or further conditions absent the ability to approve the complete merger directly and immediately.

Respectfully Submitted,



George Kohl
Senior Executive Director
Communications Workers of America
501 Third St. N.W.
Washington, D.C. 20001
202-434-1187

Dated: February 15, 2000