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May 4, 2000

STAMP AND RETURN

Federal Communications Commission  
International Bureau, Telecommunications  
P.O. Box 358115  
Pittsburgh, PA 15251-5115

Re: Application of Alloy LLC and SBC Communications Inc.  
for Authority, Pursuant to Section 214 of the Communications  
Act of 1934, as Amended, to Transfer Control of Ameritech  
Mobile Communications, Inc., CCPR Services, Inc., and  
USVI Cellular Telephone Corporation, Companies  
Controlling International Section 214 Authorizations

Dear Sir/Madam:

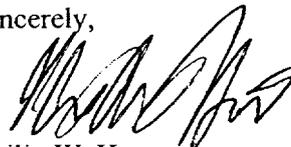
Enclosed for filing please find an original and five copies of the joint application of Alloy LLC, SBC Communications Inc., Ameritech Mobile Communications, Inc., CCPR Services, Inc. and USVI Cellular Telephone Corporation for authority pursuant to Section 214 of the Communications Act, 47 U.S.C. § 214, and Section 63.18 of the Commission's Rules, 47 C.F.R. § 63.18, to transfer control of certain international Section 214 authorizations. Also enclosed is a check payable to the Federal Communications Commission in the amount of \$780.00 for the prescribed filing fee.

As indicated in the application, please direct questions or correspondence concerning this application to:

Wayne Watts  
Vice President and Assistant General Counsel  
SBC Communications Inc.  
175 E. Houston  
San Antonio, TX 78205  
210-351-3476 (voice)  
210-351-3257 (facsimile)

Thank you for your assistance.

Sincerely,



Philip W. Horton

Enclosures

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

|   |   |                    |
|---|---|--------------------|
| In the Matter of                          | ) |                    |
|   | ) |                    |
| SBC COMMUNICATIONS INC.,                  | ) |                    |
| Transferor,                               | ) |                    |
|   | ) |                    |
| and                                       | ) |                    |
|   | ) |                    |
| ALLOY LLC                                 | ) | File No. ITC-_____ |
| Transferee.                               | ) |                    |
|   | ) |                    |
| Application for Authority, Pursuant to    | ) |                    |
| Section 214 of the Communications Act     | ) |                    |
| of 1934, as Amended, to Transfer Control  | ) |                    |
| of Ameritech Mobile Communications, Inc., | ) |                    |
| CCPR Services, Inc., and USVI Cellular    | ) |                    |
| Telephone Corporation, Companies          | ) |                    |
| Controlling International Section 214     | ) |                    |
| Authorizations                            | ) |                    |
|   | ) |                    |

**JOINT APPLICATION FOR AUTHORITY, PURSUANT TO SECTION 214  
OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED,  
TO TRANSFER CONTROL OF THE INTERNATIONAL SECTION 214  
AUTHORIZATIONS HELD BY AMERITECH MOBILE COMMUNICATIONS,  
INC., CCPR SERVICES, INC., AND USVI CELLULAR TELEPHONE  
CORPORATION**

Pursuant to Section 214 of the Communications Act of 1934, as amended,  
47 U.S.C. § 214, and Section 63.18 of the Rules of the Federal Communications  
Commission ("Commission"), 47 C.F.R. § 63.18, Ameritech Mobile Communications, Inc.  
("Ameritech Mobile"), CCPR Services, Inc. ("CCPR Services"), USVI Cellular Telephone  
Corporation ("USVI Cellular"), SBC Communications Inc. ("SBC") and Alloy LLC  
("Newco") (collectively, "Applicants"), hereby request Commission approval to transfer

control of the international Section 214 authorizations held by Ameritech Mobile, CCPR Services and USVI Cellular, all of which are subsidiaries of SBC,<sup>1</sup> to Newco.

In support of this application, the Applicants submit the following information.

**I. INTRODUCTION AND DESCRIPTION OF THE PARTIES AND TRANSACTION**

The Applicants are filing this Application to obtain Commission consent to transfer control of the international Section 214 authorizations held by three SBC subsidiaries, Ameritech Mobile, CCPR Services and USVI Cellular, from SBC to a newly formed entity, Newco, which will be jointly owned and controlled by SBC and BellSouth Corporation ("BSC"). The transfer of these Section 214 authorizations is part of a transaction in which SBC and BSC will merge most of their domestic mobile wireless properties into Newco. The Applicants, the transaction into which they propose to enter, and the international Section 214 authorizations that are the subject of this application are summarized below. The parties are also submitting herewith as Exhibit 1 a detailed narrative describing the parties, the transaction and the reasons why the joint venture serves the public interest, convenience and necessity.

BSC is simultaneously requesting authorization to transfer control of or consent to assign the international Section 214 authorizations held by BellSouth Cellular Corp. ("BSCC"), BellSouth Carolinas PCS LP, BellSouth Personal Communications, Inc., and BellSouth Wireless Data L.P. to Newco. As demonstrated herein and in BSC's

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<sup>1</sup> CCPR Services and USVI Cellular are partially owned by Telefonos de Mexico, S.A. de C.V. ("Telmex"). Telmex owns a non-controlling 50% interest in each company. In re Review of Proposed Investment By Telefonos de Mexico, S.A. de C.V. in Parent of Cellular Communications of Puerto Rico, Public Notice, 15 FCC Rcd. 1227 (Oct. 22, 1999).

concurrently-filed application, the transfer of control/assignment of those authorizations to Newco will serve the public interest, convenience and necessity.

**A. The Parties**

Ameritech Mobile's business consists primarily of the provision, through its wholly and majority-owned operating subsidiaries, of wireless services in the contiguous United States, Hawaii, the Commonwealth of Puerto Rico ("Puerto Rico") and the United States Virgin Islands. CCPR Services and USVI Cellular's businesses consist primarily of the provision of cellular and paging services in Puerto Rico and the United States Virgin Islands. As part of their wireless service offerings, Ameritech Mobile, CCPR Services and USVI Cellular provide resold international communications services individually and through their subsidiaries to their wireless customers.<sup>2</sup>

Ameritech Mobile presently holds an international Section 214 authorization which allows it to resell the international switched services of authorized, unaffiliated United States international carriers for the provision of switched services originating in the contiguous United States, Hawaii, Puerto Rico, and the United States Virgin Islands, and terminating at all international points. CCPR Services presently holds an international Section 214 authorization which allows it to resell the international switched services of authorized, unaffiliated United States international carriers for the provision of switched voice, data, and facsimile communications between Puerto Rico and various international points and to provide credit cards to its customers enabling them to charge international switched message

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<sup>2</sup> The paging services and authorizations of CCPR Services and USVI Cellular are not being transferred to Newco.

telecommunications. USVI Cellular holds an international Section 214 authorization which allows it to resell the international switched services of authorized, unaffiliated United States international carriers for the provision of switched voice and data international message telephone service from U.S. Virgin Islands 1 – St. Thomas Island RSA to various international points.

SBC's principal businesses consist of local exchange, wireless and directory publishing services provided by operating subsidiaries of SBC. SBC has foreign affiliations within the meaning of Section 63.09(e) of the Commission's Rules<sup>3</sup> with carriers in South Africa, Switzerland, Hungary, Norway, the Netherlands, Denmark, Germany, Canada and Lithuania. SBC's subsidiaries hold a number of international Section 214 authorizations, which are described more fully below.

As described in Exhibit 1, Newco's principal business will consist of the provision of domestic mobile wireless service. Newco will have a number of affiliations with foreign carriers through SBC and BSC's affiliations with those foreign carriers. Specifically, Newco will have affiliations with foreign carriers in South Africa, Switzerland, Hungary, Norway, the Netherlands, Denmark, Germany, Canada and Lithuania through SBC and Argentina, Brazil, Chile, Denmark, Ecuador, Guatemala, Israel, Nicaragua, Panama, Peru, Uruguay, and Venezuela through BSC.

**B. The Transaction**

SBC and BSC have entered into an agreement under which both companies will transfer control of their wireless subsidiaries to the newly formed entity Newco. The

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<sup>3</sup> See, 47 C.F.R. § 63.09(e).

proposed transaction is described in detail in Exhibit 1.

## **II. PUBLIC INTEREST CONSIDERATIONS**

For the reasons set forth in Exhibit 1, the Applicants believe that the proposed transfer of control will serve the public interest, convenience and necessity. The transfer of control of the international Section 214 authorizations held by Ameritech Mobile, CCPR Services and USVI Cellular is incidental to the joint venture. As set out in Exhibit 1, it is clear that Newco is highly qualified to be in ultimate control of these authorizations and that there will be no anticompetitive effects stemming from the transfer of control of the international Section 214 authorizations.

Because the proposed transfer of control is in the public interest, convenience and necessity and otherwise complies with applicable law and regulations, the Applicants respectfully request that the Commission grant this Application expeditiously.

## **III. OTHER INFORMATION PROVIDED PURSUANT TO SECTION 63.18 OF THE COMMISSION'S RULES**

The Applicants hereby submit the information required under Section 63.18 of the Commission's Rules, 47 C.F.R. §§ 63.18(a)-(p), and in support of the Applicants' request. The information set forth below is labeled according to the corresponding rule section to which it is responsive.

*Section 63.18(a)* The names, addresses and telephone numbers of the parties to this application are:

**Ameritech Mobile Communications, Inc.**  
17330 Preston Road, Suite 100A  
Dallas, TX 75252  
(972) 733-8310

**CCPR Services, Inc.**  
17330 Preston Road, Suite 100A  
Dallas, TX 75252  
(972) 733-8310

**USVI Cellular Telephone Corporation**  
17330 Preston Road, Suite 100A  
Dallas, TX 75252  
(972) 733-8310

**SBC Communications Inc.**  
175 E. Houston Street  
San Antonio, TX 78205  
(210) 351-3476

**Newco**  
Charles Featherstun  
c/o BellSouth Corporation  
1155 Peachtree St., N.E., Suite 1700  
Atlanta, GA 30309  
(404) 249-3855

*Section 63.18 (b)* Ameritech Mobile, CCPR Services, USVI Cellular and SBC are all corporations organized under the laws of the State of Delaware. Newco is a limited liability company organized under the laws of Delaware.

*Section 63.18 (c)* All correspondence concerning this application should be addressed to:

**For AMERITECH MOBILE, CCPR SERVICES AND USVI CELLULAR**

Kellye Abernathy  
17330 Preston Road, Suite 100A  
Dallas, TX 75252

(972) 733-8310 (voice)  
(972) 733-2852 (facsimile)

*with a copy to*

Philip Horton  
Arnold & Porter  
555 12th Street, N.W.  
Washington, DC 20004

(202) 942-5787 (voice)  
(202) 942-5999 (facsimile)

**For SBC**

Wayne Watts  
V.P. & Assistant General Counsel  
SBC Communications Inc.  
175 E. Houston Street  
San Antonio, TX 78205

210-351-3476 (voice)  
210-351-3257 (facsimile)

*with a copy to*

Philip Horton  
Arnold & Porter  
555 12th Street, N.W.  
Washington, DC 20004

(202) 942-5787 (voice)  
(202) 942-5999 (facsimile)

**For NEWCO**

Charles Featherstun  
c/o BellSouth Corporation  
1155 Peachtree St., N.E., Suite 1700  
Atlanta, GA 30309

(404) 249-3855 (voice)  
(404) 249-5664 (facsimile)

*with a copy to*

Robert G. Kirk  
Wilkinson Barker Knauer, LLP  
Suite 700  
2300 N Street, N.W.  
Washington, D.C. 20037-1128  
(202) 383-3363 (voice)  
(202) 783-5851 (facsimile)

*and*

Philip Horton  
Arnold & Porter  
555 12th Street, N.W.  
Washington, DC 20004

(202) 942-5787 (voice)  
(202) 942-5999 (facsimile)

***Section 63.18(d) Existing Authorizations.*** Newco currently holds no international Section 214 authorizations.

BSC will contribute the following international Section 214 authorizations to

Newco:

FCC File No. ITC-214-19960426-00172 (BellSouth Cellular Corp.),

FCC File No. ITC-214-19960516-00196 (BellSouth Carolinas PCS, L.P.),

FCC File No. ITC-214-19960516-00197 (BellSouth Personal Communications, Inc.), which authorize resale of international switched service, and

FCC File No. ITC-214-19990608-00327 (BellSouth Wireless Data L.P.), which authorizes global or limited global facilities-based and resale service between the U.S. and Canada solely in connection with the provision of commercial mobile radio service ("CMRS").

Any agreements with foreign carriers to route U.S. in-bound switched traffic to BSC's region, where it is an incumbent local exchange access provider, via BellSouth Wireless Data L.P.'s authorized private lines are subject to the requirements of Section 43.51(e).

1. SBC will contribute the following international Section 214 authorizations to Newco:

a. FCC File No. ITC-214-19960418-00152 (Ameritech Mobile) (public notice of approval, Report No. I-8180, DA 96-933, June 13, 1996; effective June 10, 1996).

b. FCC File No. ITC-94-100 (CCPR Services) (public notice of approval, Report No. I-6941, March 16, 1994; effective March 13, 1994).

c. FCC File No. ITC-93-128 (USVI Cellular) (public notice of approval, Report No. I-6796, May 12, 1993; effective May 8, 1993).

2. SBC's subsidiaries have previously received the following authority under Section 214 of the Communications Act, as amended, to provide both resold and facilities-based switched (voice and data) and private line international services.

a. Southwestern Bell Communications Services-Massachusetts, Inc., FCC File No. ITC-96-496 (Oct. 25, 1996) (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).

b. Southwestern Bell Communications Services-Maryland, Inc., FCC File No. ITC-96-498 (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).

- c. Southwestern Bell Communications Services-New York, Inc., FCC File No. ITC-96-499 (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- d. Southwestern Bell Communications Services-Illinois, Inc., FCC File No. ITC-96-500 (Oct. 25, 1996) (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- e. Southwestern Bell Communications Services, Inc., FCC File No. ITC-96-497 (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- f. Southwestern Bell Communications Services, Inc., FCC File No. ITC-214-19971108-00689 (public notice, DA 99-1613, released August 13, 1999).
- g. Pacific Bell Communications, FCC File No. ITC-96-689 (public notice of approval, DA 97-327, Feb. 13, 1997; effective Feb. 7, 1997).
- h. SBC Global Communications, Inc., FCC File No. ITC-96-692 (order, authorization and certificate, DA 97-1928, Sept. 9, 1997; effective Sept. 5, 1997).
- i. SNET America, Inc., FCC File Nos. ITC-93-256 (public notice of approval, Report No. I-6858, Sept. 15, 1993), ITC-95-145 (public notice of approval, Report No. I-8030, Mar. 22, 1995; effective Mar. 17, 1995) and ITC-96-172 (public notice of approval, Report No. I-8171, DA 96-668, May 2, 1996; effective Apr. 26, 1996).
- j. SNET Diversified Group, Inc., FCC File No. ITC-96-538 (public notice of approval, Report No. I-8218, DA 96-1988, Nov. 27, 1996; effective Nov. 22, 1996).
- k. Ameritech Communications, Inc., FCC File No. ITC-96-272 (order, authorization and certificate, DA 96-1169, 11 FCC Rcd. 8685, July 24, 1996; effective July 19, 1996; memorandum, opinion and order removing interim separation safeguards, DA 97-1662, 12 FCC Rcd. 11654, August 4, 1997).
- l. Ameritech Communications, Inc., FCC File No. ITC-96-441 (public notice of approval, Report No. I-8202, DA 96-1551, Sept. 19, 1996; effective Sept. 13, 1996).
- m. Ameritech Communications, Inc., FCC File No. ITC-97-289 (public notice of approval, Report No. I-8251, DA 97-1442, July 10, 1997; effective July 9, 1997).
- n. Southwestern Bell Communications Services, Inc., FCC file No. ITC-214-20000301-00125 (public notice of approval, Report No. TEL-00212, DA 00-768, April 6, 2000; effective March 31, 2000).

- o. Southwestern Bell Communications Services, Inc. has an application pending before the Commission requesting authority to provide international facilities-based and resale services between all points in Texas and all international points except countries listed on the Commission's exclusion list. The approval of this application is contingent on SBC receiving Section 271 approval. This application was filed on January 25, 2000.

(e) Newco is applying for authority under Section 63.18(e)(3), 47 C.F.R. § 63.18(e) of the Commission's Rules, to transfer control of common carriers (Ameritech Mobile, CCPR Services and USVI Cellular) holding international Section 214 authorizations.

(f) No response required.

(g) The Applicants are not seeking facilities-based authority under Section 63.18(e)(4) of the Commission's Rules. 47 C.F.R. § 63.18(e)(4). Therefore, and in accord with Section 63.18(e)(3), Section 63.18(g) requires no response from the Applicants.<sup>4</sup>

(h) At the time of the transfer of control, Newco, a limited liability company, will be owned approximately 60% by SBC and 40% by BSC and their direct and indirect subsidiaries, reflecting the value of the assets they will contribute to Newco. Newco currently has no board of directors and there are no relevant interlocking directorates.

**Section 63.18(i)** Newco hereby certifies that it is not a foreign carrier. Newco hereby certifies that as a result of BSC's contribution to Newco, it will acquire affiliations with foreign carriers in Argentina, Brazil, Chile, Denmark, Ecuador, Guatemala, Israel, Nicaragua, Panama, Peru, Uruguay, and Venezuela; and by virtue of SBC's contribution, it will acquire affiliations with foreign carriers in South Africa, Switzerland, Hungary, Norway, the Netherlands, Denmark, Germany, Canada and Lithuania. The identity of the

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<sup>4</sup> See, 47 C.F.R. §§ 63.18(e)(3) & 63.18(g).

specific foreign carriers, the country in which each operates, the services provided by each, and the indirect equity interest BSC or SBC hold in each (if applicable) are set forth below:

Through SBC:

1. Telkom South Africa Ltd. ("Telkom S.A.") (South Africa). A consortium formed between Telekom Malaysia Berhad and SBC (of which SBC owns 60 percent) owns 30 percent of Telkom S.A. Before the acquisition by this consortium, Telkom S.A. was a completely state-owned company. Telkom S.A. is the incumbent telecommunications carrier in South Africa.
2. diAx Holding AG ("diAx") (Switzerland). SBC, through a joint venture, owns an indirect 40 percent interest in diAx, a new, full-service Swiss telecommunications carrier, with far less than 50 percent market share in the international transport and local access markets in Switzerland. In the SBC/Ameritech Order,<sup>5</sup> the Commission determined that diAx lacks market power in Switzerland, and that SBC and its subsidiaries are entitled to non-dominant carrier treatment on the U.S.-Switzerland route.<sup>6</sup>
3. MATAV Rt (Hungary). MagyarCom, a consortium formed indirectly between Ameritech Corporation, a wholly-owned subsidiary of SBC ("Ameritech"), and Deutsche Telekom owns approximately 60 percent of MATAV Rt., the incumbent telecommunications operator in Hungary. Through its interest in MagyarCom, Ameritech, and therefore SBC, holds a non-controlling, 29.8 percent interest in MATAV.
4. BEN Netherlands B.V. ("BEN Netherland") (the Netherlands). Through its interests in Tele Danmark and Belgacom S.A., Ameritech owns an indirect, non-controlling interest in BEN Netherland. (Ameritech's interest in Belgacom S.A. does not constitute an affiliation as defined in Section 63.09 of the Commission's rules.) BEN Netherland provides GSM 1800 wireless services in the Netherlands, and has far less than a 50 percent market share in the international transport and local access markets in the Netherlands. In the SBC/Ameritech Order, the Commission held that BEN Netherland does not possess market power in the Netherlands, and that SBC subsidiaries are entitled to non-dominant regulation on the U.S.-Netherlands route.<sup>7</sup>

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<sup>5</sup> In re Ameritech Corp. and SBC Communications Inc., 14 FCC Rcd. 14,712 (Oct. 8, 1999) ("SBC/Ameritech Order").

<sup>6</sup> Id. at ¶ 533.

<sup>7</sup> Id. at ¶ 537.

and mobile wireless services, respectively. Each has far less than a 50 percent market share in the international transport and local access markets.

4. BSC de Panama, S.A. (Panama). BSC indirectly holds a 42 percent interest in BSC de Panama, which provides mobile wireless services. BSC de Panama has far less than a 50 percent market share in the international transport and local access markets.

5. CellCom Israel Ltd. (Israel). BSC indirectly holds a 34.75 percent interest in CellCom Israel, which provides mobile wireless services. CellCom Israel has far less than a 50 percent market share in the international transport and local access markets.

6. Compania de Radiocomunicaciones Moviles S.A. ("Movicom") (Argentina). BSC indirectly holds a 65.0 ownership interest in Movicom, which provides primarily mobile wireless services in Argentina, but in 1999 received authority to provide local and long distance services. Movicom nevertheless has far less than a 50 percent market share in the international transport and local access markets.

7. Dansk MobilTelefon I/S d/b/a SONOFON (Denmark). BSC holds a 46.5 percent ownership interest in SONOFON, which provides mobile wireless services. SONOFON has far less than a 50 percent market share in the international transport and local access markets.

8. Otecel S.A. (Ecuador). BSC holds an 89.4 percent indirect ownership interest in Otecel, which provides mobile wireless services. Otecel has far less than a 50 percent market share in the international transport and local access markets.

9. Telcel Celular, C.A. (Venezuela). BSC holds a 78 percent indirect ownership interest in Telcel, which provides mobile wireless services. Telcel has far less than a 50 percent market share in the international transport and local access markets.

10. Telefonia Celular de Nicaragua, S.A. (Nicaragua). BSC holds a 49.0 percent indirect ownership interest in Telefonía CN, which provides mobile wireless services. Telefonía CN has far less than a 50 percent market share in the international transport and local access markets.

11. Tele 2000, S.A. (Peru). BSC holds a 97 percent indirect ownership interest in Tele 2000, which provides mobile wireless services. Tele 2000 has far less than a 50 percent market share in the international transport and local access markets.

12. BellSouth Guatemala y CIA S.C.A. (Guatemala). BSC holds a 60% indirect interest in BellSouth Guatemala y CIA, S.C.A., which will provide mobile wireless service when it begins operations later this year. It is authorized to

provide other domestic and international services, but will initially provide only mobile wireless services. BellSouth Guatemala y CIA, S.C.A. has no market share in the international transport and local access markets.

**Section 63.18(j) Destination Markets.** Newco certifies that it seeks to provide international telecommunications services to the following destination markets identified in response to Section 63.18(i) above in which BSC or SBC currently hold controlling ownership interests in their foreign carrier affiliates:

Through SBC:

1. Denmark (Tele Danmark);
2. Germany (Talkline);
3. Netherlands (Talkline);
4. Lithuania (Bite);
5. Canada (ACII);
6. Norway (ETO);

Through BSC:

7. Chile (BellSouth Chile S.A. and BellSouth Comunicaciones S.A.);
8. Argentina (Compania de Radiocomunicaciones Moviles S.A.);
9. Ecuador (Otecel S.A.);
10. Venezuela (Telcel Celular, C.A.);
11. Nicaragua (Telefonia Celular de Nicaragua, S.A.); and
12. Peru (Tele 2000, S.A.);

**Section 63.18(k) WTO Membership/Market Power.** Pursuant to Section 63.18(k) of the Commission's rules, 47 C.F.R. § 63.18(k), for each of the destination countries listed in subsection (j) of this application, Newco provides the following information.

Through SBC:

- (1) Tele Danmark (Denmark). Denmark is a member of the World Trade Organization.
- (2) Talkline (Germany and the Netherlands). Both Germany and the Netherlands are members of the World Trade Organization. Talkline has far less than 50 percent market share of the international transport and local access markets in Germany and the Netherlands, and therefore is presumed not to have market power in Germany and the Netherlands.<sup>14</sup> Additionally, as noted above, the Commission has already concluded that Talkline lacks market power in Germany and the Netherlands.<sup>15</sup>
- (3) Bite (Lithuania). Lithuania is not a member of the World Trade Organization. However, Bite has far less than a 50 percent market share in the international transport and local access markets in Lithuania, and therefore is presumed not to possess market power in any relevant market on the U.S.-Lithuania route.<sup>16</sup> For this reason, the Commission has already concluded that Bite lacks sufficient market power to affect competition adversely in the United States.<sup>17</sup>
- (4) ACII (Canada). Canada is a member of the World Trade Organization. ACII is a nascent carrier with far less than 50 percent of the international transport and local access markets in Canada, and therefore is presumed not to possess market power in any relevant market on the U.S.-Canada route.<sup>18</sup> In addition, as noted in Section (i)(8) of this application, the Commission apparently already has concluded that ACII lacks market power in Canada.
- (5) ETO (Norway). Norway is a member of the World Trade Organization. ETO is a nascent carrier with a miniscule share of the international transport and local access markets in Norway, and therefore is presumed not to possess market power in any relevant market on the U.S.-Norway route.<sup>19</sup>

Through BSC:

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<sup>14</sup> Foreign Participation Order, supra at ¶¶ 150-70.

<sup>15</sup> SBC/Ameritech Order, at ¶ 537.

<sup>16</sup> Foreign Participation Order, supra at ¶¶ 150-70.

<sup>17</sup> SBC/Ameritech Order, at ¶¶ 534-538.

<sup>18</sup> Foreign Participation Order, supra at ¶¶ 150-70.

<sup>19</sup> Id.

All of the destination markets identified in response to Section 63.18(j) above, where Newco will acquire foreign carrier affiliations through BSC, are WTO Member countries. Canada, moreover, is an ISR-approved country. Finally, each foreign carrier affiliate which Newco will acquire through BSC holds significantly less than 50 percent of the market share in the international transport and local access markets and lacks market power in its respective country.

***Section 63.18(l) International Switched Resale Condition***. Through the transfer of control of the international section 214 authorizations held by Ameritech Mobile, CCPR Services and USVI Cellular, Newco proposes to resell the international switched services of unaffiliated U.S. carriers for the purpose of providing international communications services to those foreign countries allowed by the international Section 214 authorizations held by Ameritech Mobile, CCPR Services and USVI Cellular.

Newco provides the following information with respect to the foreign carriers with which it has an affiliation and as to which it either satisfies Section 63.10(a)(3) of the Commission's Rules, 47 C.F.R. § 63.10(a)(3), or files the quarterly traffic reports required by Section 43.61(c) of the Commission's Rules, 47 C.F.R. § 43.61(c):

On all international routes except the U.S.-Canada route, Newco will provide service solely via resale of the international switched services of an unaffiliated U.S. carrier. On the U.S.-Canada route, moreover, only BellSouth Wireless Data, L.P. will be authorized to provide facilities-based services. Since all of Newco's foreign affiliated carriers, except Telkom S.A., Tele Danmark, and MATAV Rt, lack 50 percent market share in the international transport and the local access markets on the foreign end of the route, Newco will satisfy Section 63.10(a)(3) of the rules for all international communications services

covered by this application, other than those to South Africa, Denmark and Hungary. With respect to those three countries, Newco will file the quarterly traffic reports required by Section 43.61(c) of the rules.

**Section 63.18(m) Non-Dominant Treatment.** Pursuant to Section 63.18(m) of the Commission's Rules, and in accord with the standards set forth in Section 63.10 of those Rules, Newco requests that it be treated as non-dominant for the provision of the communications services on all U.S. international routes for all of Newco's foreign affiliations. Newco should be treated as non-dominant on its foreign affiliations through SBC for the following reasons:

1. Newco would satisfy Section 63.10(a)(4) for the provision of international communications service to South Africa through the resale of an unaffiliated U.S. facilities-based carriers' international switched services.
2. diAx lacks 50 percent market share in the international transport and local access markets in Switzerland and thus Newco would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.
3. Newco would satisfy Section 63.10(a)(4) for the provision of international communications service to Hungary through the resale of an unaffiliated U.S. facilities-based carriers' international switched services
4. BEN lacks 50 percent market share in the international transport and local access market in the Netherlands and thus Newco would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.
5. NetCom is a wireless carrier which lacks 50 percent market share in the international transport and local access market in Norway and thus Newco would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.
6. Newco would satisfy Section 63.10(a)(4) for the provision of international communications service to Denmark through the resale of an unaffiliated U.S. facilities-based carriers' international switched services.

7. Talkline provides mobile communications services by connecting customers to different mobile operators' networks, and has far below 50 percent of the market share of the international transport and local access markets in Germany and the Netherlands and thus Newco would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.

8. Bite provides only mobile wireless communications services and lacks 50 percent market share in the international transport and local access markets in Lithuania and thus Newco would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.

9. ACII received authorization to provide international telecommunications services in Canada last year, and therefore became a foreign carrier, as that term is defined in section 63.09. ACII has a minuscule share of the international transport and local access market in Canada and lacks 50 percent market share in the international transport and local access markets in Canada and thus Newco would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.

10. ETO, which provides competitive fixed network, broadband and internet services in Norway, has far below 50 percent of the market share of the international transport and local access markets in Norway and thus Newco would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.

In addition, as BSC demonstrates in its Application, none of the foreign carrier affiliations Newco will acquire through BSC warrant dominant regulation on the affiliated routes, and Newco is presumptively non-dominant on such routes pursuant to Sections 63.10(a)(3) and (a)(4) of the Commission's rules.

*Section 63.18(n) Special Concessions Certification.* Newco hereby certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

**Section 63.18(o) Anti-Drug Abuse Act Certification.** Newco is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. Attached hereto is a certification, pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules (implementing the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862), of Newco.

**Section 63.18(p) Streamlining.** Not applicable.

**IV. CONCLUSION**

In view of the foregoing, the Applicants respectfully request the Commission to grant this application.

Respectfully submitted,

**SBC COMMUNICATIONS INC.**

By: Wayne Watts  
Wayne Watts

**AMERITECH MOBILE COMMUNICATIONS, INC.**

By: Wayne Watts  
Wayne Watts

**USVI CELLULAR TELEPHONE CORPORATION**

By: Wayne Watts  
Wayne Watts

**CELLULAR COMMUNICATIONS OF PUERTO RICO, INC.**

By: Wayne Watts  
Wayne Watts

**ALLOY LLC**

By: Wayne Watts  
Wayne Watts

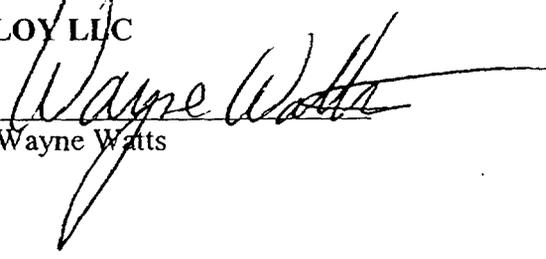
DATE: 5/3/00

**CERTIFICATION PURSUANT TO  
SECTIONS 1.2001-1.2003 OF THE COMMISSION'S RULES**

Pursuant to Sections 1.2001-1.2003 of the Commission's Rules, 47 C.F.R.

§§ 1.2001-1.2003, Alloy LLC hereby certifies that neither it, nor any of its officers or directors, nor any of the shareholders holding 5 percent or more of the outstanding stock or shares (voting and/or non-voting) of Alloy LLC is subject to a denial of federal benefits that include FCC benefits pursuant to Section 5301 of the Federal Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.

ALLOY LLC

By: 

Wayne Watts

DATE: 5/3/00

**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 and affiliates of SBC Communications Inc. (“SBC”) and BellSouth Corporation (“BellSouth”). By this transaction, SBC and BellSouth will transfer virtually all of their current interests in domestic mobile wireless operations to a newly created limited liability company (“Newco”) which will thereby become the foundation for the creation of the sixth national wireless carrier.<sup>1</sup> Newco will be controlled equally by SBC and BellSouth. A total of 126 applications are being filed in connection with this transaction. Attached hereto, as Attachments A and B, are the Affidavits of Stan Sigman, Group President-National Operations of SBC National Operations (“Sigman Aff.”), and Mark Feidler, President of BellSouth Mobility Inc (“Feidler Aff.”) in support of these applications.

This transaction – like other similar major wireless consolidations that the Commission has recently approved – is driven by customer demands that are fundamentally changing the market for wireless services. Meeting customer demands for both nationwide pricing and nationwide service requires a national footprint.<sup>2</sup> In

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<sup>1</sup> SBC, BellSouth and Newco are jointly referred to herein as “Applicants.”

<sup>2</sup> See Sigman Aff. ¶¶ 4-6; Feidler Aff. ¶¶ 2-5.

particular, the demand for single rate, nationwide pricing plans is unmistakable. For example, AT&T's single rate plan attracted a million new customers in 1999,<sup>3</sup> and all of the other national carriers are offering like plans. Customers are also insisting on consistent service features on a nationwide basis for both voice and data services. Five major carriers now have the near national, facilities-based footprint needed to meet these demands. For example, both Nextel and Verizon Wireless serve 96 of the top 100 markets, and Verizon's footprint covers 232 million people. Sprint PCS's authorizations cover approximately 270 million people in all 50 states, while AT&T and its partners have licenses covering 94% of the U.S. population. VoiceStream now possesses licenses that cover a population greater than 220 million people.

The Commission has recently found, in approving the transactions involving Bell Atlantic/Vodafone/AirTouch and VoiceStream/Omnipoint/Aerial, that the creation of a CMRS competitor with a national footprint substantially benefits consumers and is procompetitive. That is exactly what this transaction will do, and, thus, the same conclusion holds.

Moreover, in contrast to previous transactions, there will be only one cellular/PCS overlap here requiring a brief divestiture waiver.

Finally, the qualifications of SBC and BellSouth to control these authorizations through Newco are beyond dispute.

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<sup>3</sup> See AT&T Corp., SEC Form S-3, Amendment 1 at 39 (filed Mar. 28, 2000) ("AT&T S-3").

Based on the foregoing, and because Newco's competition is already up and operating, Applicants respectfully request expeditious action on these applications.

**II. DESCRIPTION OF THE APPLICANTS AND THEIR EXISTING BUSINESSES**

**A. SBC**

SBC is a holding company whose affiliates provide wireline and wireless voice and data communications, paging, high-speed Internet access and messaging, cable and satellite television, security services and telecommunications equipment, as well as directory advertising and publishing services. In the United States, SBC's affiliates currently serve over 90 million voice grade equivalent lines, and SBC's CMRS affiliates provide cellular and PCS service to a population of 120 million persons, both within the 13 states where SBC's affiliates are incumbent local exchange carriers and elsewhere. SBC's CMRS affiliates currently serve approximately 11.2 million cellular and PCS customers.

**B. BellSouth**

BellSouth is a holding company whose affiliates provide telecommunications services, Internet, data and e-commerce applications, wireless communications (including long distance), entertainment services, and online and directory advertising to more than 39 million customers in 19 countries. BellSouth provides domestic cellular and PCS operations to a population of approximately 57 million in twelve states. Its domestic wireless customers exceeded 5.3 million at year-end 1999. BellSouth's nationwide