

02-85

<b>FCC 603</b>	<b>FCC Wireless Telecommunications Bureau Application for Assignments of Authorization and Transfers of Control</b>	Approved by OMB 3060 - 0800 See instructions for public burden estimate  Submitted 03/28/2002 at 06:45PM  File Number: <b>0000824376</b>
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<b>1) Application Purpose: Transfer of Control</b>	
2a) If this request is for an Amendment or Withdrawal, enter the File Number of the pending application currently on file with the FCC.	File Number:
2b) File numbers of related pending applications currently on file with the FCC:	

**Type of Transaction**

3a) Is this a <i>pro forma</i> assignment of authorization or transfer of control? No
3b) If the answer to Item 3a is 'Yes', is this a notification of a <i>pro forma</i> transaction being filed under the Commission's forbearance procedures for telecommunications licenses?
4) For assignment of authorization only, is this a partition and/or disaggregation?
5a) Does this filing request a waiver of the Commission rules? If 'Yes', attach an exhibit providing the rule numbers and explaining circumstances. No
5b) If a feeable waiver request is attached, multiply the number of stations (call signs) times the number of rule sections and enter the result.
6) Are attachments being filed with this application? Yes
7a) Does the transaction that is the subject of this application also involve transfer or assignment of other wireless licenses held by the assignor/transferor or affiliates of the assignor/transferor (e.g., parents, subsidiaries, or commonly controlled entities) that are not included on this form and for which Commission approval is required? Yes
7b) Does the transaction that is the subject of this application also involve transfer or assignment of non-wireless licenses that are not included on this form and for which Commission approval is required? No

**Transaction Information**

8) How will assignment of authorization or transfer of control be accomplished? Sale or other assignment or transfer of stock If required by applicable rule, attach as an exhibit a statement on how control is to be assigned or transferred, along with copies of any pertinent contracts, agreements, instruments, certified copies of Court Orders, etc.
9) The assignment of authorization or transfer of control of license is: Voluntary

**Licensee/Assignor Information**

10a) Taxpayer Identification Number:	10b) SGIN: 000	10c) FCC Registration Number (FRN): 0003803020
11) First Name (if individual):	MI:	Last Name: Suffix:
12) Entity Name (if not an individual): CenturyTel Telelink, Inc.		
13) Attention To: Vicki Schultheis		
14) P.O. Box: 9901	And / Or	15) Street Address:
16) City: Vancouver	17) State: WA	18) Zip: 98668
19) Telephone Number: (360)905-6839	20) FAX: (360)905-5953	
21) E-Mail Address: vicki.schultheis@centurytel.com		

**22) Race, Ethnicity, Gender of Assignor/Licensee (Optional)**

<b>Race:</b>	American Indian or Alaska Native:	Asian:	Black or African-American:	Native Hawaiian or Other Pacific Islander:	White:
<b>Ethnicity:</b>	Hispanic or Latino:	Not Hispanic or Latino:			
<b>Gender:</b>	Female:	Male:			

**Transferor Information (for transfers of control only)**

23a) Taxpayer Identification Number:		23b) SGIN:	23c) FCC Registration Number (FRN): 0003740651	
24) First Name (if individual):	MI:	Last Name:	Suffix:	
25) Entity Name (if not an individual): CenturyTel, Inc.				
26) P.O. Box: 9901	And / Or	27) Street Address:		
28) City: Vancouver	29) State: WA	30) Zip: 98668		
31) Telephone Number: (360)905-6839		32) FAX: (360)905-5953		
33) E-Mail Address: vicki.schulthels@centurytel.com				

**Name of Transferor Contact Representative (if other than Transferor) (for transfers of control only)**

34) First Name: William		MI:	Last Name: Carnell	Suffix:	
35) Company Name: Latham & Watkins					
36) P.O. Box:	And / Or	37) Street Address: 555 11th Street NW, Suite 1000			
38) City: Washington	39) State: DC	40) Zip: 20004			
41) Telephone Number: (202)637-2244		42) FAX: (202)637-2201			
43) E-Mail Address: william.carnell@lw.com					

**Assignee/Transferee Information**

44) The Assignee is a(n): Corporation					
45a) Taxpayer Identification Number:		45b) SGIN: 000	45c) FCC Registration Number (FRN): 0001720101		
46) First Name (if individual):	MI:	Last Name:	Suffix:		
47) Entity Name (if other than individual): ALLTEL Communications, Inc.					
48) Name of Real Party in Interest:				49) TIN:	
50) Attention To:					
51) P.O. Box:	And / Or	52) Street Address: One Allied Drive, B2F02-A			
53) City: Little Rock	54) State: AR	55) Zip: 72202			
56) Telephone Number: (501)905-8555		57) FAX: (501)905-6193			
58) E-Mail Address:					

**Name of Assignee/Transferee Contact Representative (if other than Assignee/Transferee)**

59) First Name: Glenn		MI: S	Last Name: Rabin	Suffix:	
60) Company Name: ALLTEL Corporation					
61) P.O. Box:	And / Or	62) Street Address: 601 Pennsylvania Avenue, Suite 720			
63) City: Washington	64) State: DC	65) Zip: 20004			
66) Telephone Number: (202)783-3970		67) FAX: (202)783-3982			
68) E-Mail Address: glenn.s.rabin@alltel.com					

**Alien Ownership Questions**

69) Is the Assignee or Transferee a foreign government or the representative of any foreign government?	No
70) Is the Assignee or Transferee an alien or the representative of an alien?	No
71) Is the Assignee or Transferee a corporation organized under the laws of any foreign government?	No
72) Is the Assignee or Transferee a corporation of which more than one-fifth of the capital stock is owned of record or 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?	No
73) Is the Assignee or Transferee directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country? If 'Yes', attach exhibit explaining nature and extent of alien or foreign ownership or control.	No

**Basic Qualification Questions**

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74) Has the Assignee or Transferee or any party to this application had any FCC station authorization, license or construction permit revoked or had any application for an initial, modification or renewal of FCC station authorization, license, construction permit denied by the Commission? If 'Yes', attach exhibit explaining circumstances.	No
75) Has the Assignee or Transferee or any party to this application, or any party directly or indirectly controlling the Assignee or Transferee, or any party to this application ever been convicted of a felony by any state or federal court? If 'Yes', attach exhibit explaining circumstances.	No
76) Has any court finally adjudged the Assignee or Transferee, or any party directly or indirectly controlling the Assignee or Transferee guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or any other means or unfair methods of competition? If 'Yes', attach exhibit explaining circumstances.	No
77) Is the Assignee or Transferee, or any party directly or indirectly controlling the Assignee or Transferee currently a party in any pending matter referred to in the preceding two items? If 'Yes', attach exhibit explaining circumstances.	No

**78) Race, Ethnicity, Gender of Assignee/Transferee (Optional)**

<b>Race:</b>	American Indian or Alaska Native:	Asian:	Black or African-American:	Native Hawaiian or Other Pacific Islander:	White:
<b>Ethnicity:</b>	Hispanic or Latino:	Not Hispanic or Latino:			
<b>Gender:</b>	Female:	Male:			

**Assignor/Transferor Certification Statements**

1) The Assignor or Transferor certifies either (1) that the authorization will not be assigned or that control of the license will not be transferred until the consent of the Federal Communications Commission has been given, or (2) that prior Commission consent is not required because the transaction is subject to streamlined notification procedures for <i>pro forma</i> assignments and transfers by telecommunications carriers. See <i>Memorandum Opinion and Order</i> , 13 FCC Rcd. 6293(1998).
2) The Assignor or Transferor certifies that all statements made in this application and in the exhibits, attachments, or in documents incorporated by reference are material, are part of this application, and are true, complete, correct, and made in good faith.
79) Typed or Printed Name of Party Authorized to Sign
First Name: <b>Stacey</b> MI: Last Name: <b>Goff</b> Suffix:
80) Title: <b>Vice President &amp; Asst. General Counsel</b>
Signature: <b>Stacey Goff</b> 81) Date: <b>03/28/02</b>

**Assignee/Transferee Certification Statements**

1) The Assignee or Transferee certifies either (1) that the authorization will not be assigned or that control of the license will not be transferred until the consent of the Federal Communications Commission has been given, or (2) that prior Commission consent is not required because the transaction is subject to streamlined notification procedures for <i>pro forma</i> assignments and transfers by telecommunications carriers. See <i>Memorandum Opinion and Order</i> , 13 FCC Rcd. 6293 (1998).
2) The Assignee or Transferee waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and requests an authorization in accordance with this application.
3) The Assignee or Transferee certifies that grant of this application would not cause the Assignee or Transferee to be in violation of any pertinent cross-ownership, attribution, or spectrum cap rule.* *If the applicant has sought a waiver of any such rule in connection with this application, it may make this certification subject to the outcome of the waiver request.
4) The Assignee or Transferee agrees to assume all obligations and abide by all conditions imposed on the Assignor or Transferor under the subject authorization(s), unless the Federal Communications Commission pursuant to a request made herein otherwise allows, except for liability for any act done by, or any right accrued by, or any suit or proceeding had or commenced against the Assignor or Transferor prior to this assignment.
5) The Assignee or Transferee certifies that all statements made in this application and in the exhibits, attachments, or in documents incorporated by reference are material, are part of this application, and are true, complete, correct, and made in good faith.
6) The Assignee or Transferee certifies that neither it nor any other party to the application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1998, 21 U.S.C § 862, because of a conviction for possession or distribution of a controlled substance. See Section 1.2002(b) of the rules, 47 CFR § 1.2002(b), for the definition of "party to the application" as used in this certification.
7) The applicant certifies that it either (1) has an updated Form 602 on file with the Commission, (2) is filing an updated Form 602 simultaneously with this application, or (3) is not required to file Form 602 under the Commission's Rules.

**82) Typed or Printed Name of Party Authorized to Sign**

First Name: <b>Glenn</b> MI: <b>S</b> Last Name: <b>Rabin</b> Suffix:
83) Title: <b>VP-Regulatory Affairs</b>
Signature: <b>Glenn S Rabin</b> 84) Date: <b>03/28/02</b>

**WILLFUL FALSE STATEMENTS MADE ON THIS FORM OR ANY ATTACHMENTS 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).**

**Authorizations To Be Assigned or Transferred**

85) Call Sign	86) Radio Service	87) Location Number	88) Path Number (Microwave only)	89) Lower or Center Frequency (MHz)	90) Upper Frequency (MHz)	91) Constructed Yes / No
WLT654	AL					Yes
WLT655	AL					Yes
WLT656	AL					Yes
WLT657	AL					Yes
WLT658	AL					Yes
WLT668	AL					Yes
WLT669	AL					Yes
WLT670	AL					Yes
WLT671	AL					Yes
WLT672	AL					Yes
WLU911	AL					Yes
WLT674	AL					Yes
WLT675	AL					Yes
WLT676	AL					Yes
WLT677	AL					Yes
WLT678	AL					Yes
WLT659	AL					Yes
WLT660	AL					Yes
WLT661	AL					Yes
WLT662	AL					Yes
WLT663	AL					Yes
WLT666	AL					Yes
WLT667	AL					Yes
WLU517	AL					Yes
WLU537	AL					Yes
WLT953	AL					Yes
WLT954	AL					Yes
WLT955	AL					Yes
WLT651	AL					Yes
WLT652	AL					Yes
WLT653	AL					Yes

FCC Form 603 Schedule A	<b>Schedule for Assignments of Authorization and Transfers of Control in Auctioned Services</b>	Approved by OMB 3060 - 0800 See instructions for public burden estimate
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**Assignments of Authorization**

**1) Assignee Eligibility for Installment Payments (for assignments of authorization only)**

Is the Assignee claiming the same category or a smaller category of eligibility for installment payments as the Assignor (as determined by the applicable rules governing the licenses issued to the Assignor)?	
If 'Yes', is the Assignee applying for installment payments?	

**2) Gross Revenues and Total Assets Information (if required) (for assignments of authorization only)**

Refer to applicable auction rules for method to determine required gross revenues and total assets information

Year 1 Gross Revenues (current)	Year 2 Gross Revenues	Year 3 Gross Revenues	Total Assets:
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**3) Certification Statements**

**For Assignees Claiming Eligibility as an Entrepreneur Under the General Rule**

Assignee certifies that they are eligible to obtain the licenses for which they apply.

**For Assignees Claiming Eligibility as a Publicly Traded Corporation**

Assignee certifies that they are eligible to obtain the licenses for which they apply and that they comply with the definition of a Publicly Traded Corporation, as set out in the applicable FCC rules.

**For Assignees Claiming Eligibility Using a Control Group Structure**

Assignee certifies that they are eligible to obtain the licenses for which they apply.

Assignee certifies that the applicant's sole control group member is a pre-existing entity, if applicable.

**For Assignees Claiming Eligibility as a Very Small Business, Very Small Business Consortium, Small Business, or as a Small Business Consortium**

Assignee certifies that they are eligible to obtain the licenses for which they apply.

Assignee certifies that the applicant's sole control group member is a pre-existing entity, if applicable.

**For Assignees Claiming Eligibility as a Rural Telephone Company**

Assignee certifies that they meet the definition of a Rural Telephone Company as set out in the applicable FCC rules, and must disclose all parties to agreement(s) to partition licenses won in this auction. See applicable FCC rules.

**Transfers of Control**

**4) Licensee Eligibility (for transfers of control only)**

As a result of transfer of control, must the licensee now claim a larger or higher category of eligibility than was originally declared?

If 'Yes', the new category of eligibility of the licensee is:

**Certification Statement for Transferees**

Transferee certifies that the answers provided in Item 4 are true and correct.

**Attachment List**

Attachment Type	Date	Description	Contents
Other	03/28/02	Description of Transaction & Public Interest Statement	0177389861185044982090950.pdf

## DESCRIPTION OF TRANSACTION AND PUBLIC INTEREST SHOWING

### I. INTRODUCTION

In this application, ALLTEL Communications, Inc. ("ACI") and CenturyTel, Inc. and certain of its affiliates ("CenturyTel") (ACI and CenturyTel hereinafter referred to collectively as "Applicants") seek Federal Communications Commission ("Commission") approval for the transfer of control of certain cellular, microwave and personal communications ("PCS")<sup>1</sup> authorizations held by CenturyTel and referenced in this application and in the applications filed contemporaneously herewith. ACI's qualifications to hold cellular and microwave authorizations are a matter of public record established and approved in numerous Commission decisions.<sup>2</sup> As demonstrated herein, the instant transaction fully complies with all Commission rules and regulations and does not require any waivers. Further, Applicants are not material competitors in the delivery of any wireless products in any geographic area (*see discussion infra* at Section IV). Thus, the transaction, as it would be consummated, does not create any unresolved overlaps of ownership interests in any wireless markets and raises no competitive issues.<sup>3</sup>

The transaction will serve the public interest in numerous ways. First, the transaction will promote the Commission's policies of advancing competition. Once consummated, the transaction will bring together two complementary networks, thereby extending ACI's regional wireless footprint into highly competitive new markets across Arkansas, Louisiana, Michigan, Mississippi, Texas and Wisconsin. Thus, upon close, ACI will possess increased economies of scale that will better position the company to compete against the much larger, nationwide carriers AT&T Wireless, Verizon Wireless, Sprint PCS, Cingular Wireless, VoiceStream Wireless Corporation, and Nextel, as well as other large regional carriers like U.S. Cellular, which already possess nationwide or extensive regional footprints. As the Commission has

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<sup>1</sup> At the time ACI expects to close on the instant transaction, and pursuant to Section 24.203 of the rules, CenturyTel will have met the buildout requirements, and timely submitted its requisite notifications to the Commission, for the CenturyTel PCS licenses over which ACI is acquiring control. Applicants note that all moneys owed to the Commission for the CenturyTel PCS authorizations acquired at auction have been fully paid. Further, these CenturyTel PCS licenses are not subject to installment payments, bidding credits or unjust enrichment provisions.

<sup>2</sup> An updated FCC Form 602 for ACI, and its relevant subsidiaries and affiliates, is being filed contemporaneously herewith.

<sup>3</sup> CenturyTel Wireless, Inc. owns a 49 % limited partner interest in the Lafayette MSA Limited Partnership ("Lafayette LP"). This partnership is the licensee of that portion of the Louisiana RSA No. 6 which includes Iberville Parish. ACI, through its merger with Radiophone, owns the Louisiana RSA #6B2 authorization, which also covers, *inter alia*, the Iberville Parish. ACI will not acquire CenturyTel's interest in the Lafayette LP and consequently there are no potential cellular cross ownership issues presented for the Commission.

publicly stated, in order to effectively compete with nationwide or extensive regional carriers, small and mid-sized carriers like ACI must build sufficiently broad-based networks to enable them to achieve economies of scope and scale.<sup>4</sup> The Commission has found that these efficiencies and economies are sufficient grounds for granting transfers of licenses because they result in benefits to the public.<sup>5</sup> Second, the transaction will yield numerous consumer benefits, including:

- The transaction will provide both ACI's and CenturyTel's existing customers with expanded wireless service territory. This will likely reduce roaming charges. Customers will also be able to purchase expanded local and regional calling plans.
- Both ACI's and CenturyTel's existing customers will benefit from cost savings resulting from economies in purchasing, customer service, administration and sales.
- ACI will be able to provide broader marketing and retail support for its competitive service offerings.

## II. DESCRIPTION OF THE PARTIES

### A. ACI

ACI, a Delaware corporation, is a wholly-owned subsidiary of ALLTEL Corporation ("ALLTEL") through which competitive telecommunications services are offered, including commercial mobile radio services ("CMRS"), competitive local exchange services and long distance services. ALLTEL, a Delaware corporation, is a diversified telecommunications and information services holding company headquartered in Little Rock, Arkansas. ALLTEL subsidiaries specialize in offering a full array of communications services to mid-sized cities and rural areas. Aside from ACI, service offerings include wireline services, local exchange services, data services and Internet access services. These services are all backed by quality, personalized service, and proven state-of-the-art technologies.

ACI serves approximately 6.7 million wireless subscribers in 21 states. The majority of ACI's cellular subscribers are in Arizona, Arkansas, Florida, Nebraska, North Carolina, Ohio, South Carolina and Virginia.

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<sup>4</sup> See *In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Systems*, Sixth Report, 16 FCC Rcd 13350, 13362 (2001) ("*Sixth Competition Report*") ("[O]perators with larger footprints can achieve certain economies of scale and increased efficiencies compared to operators with smaller footprints.")

<sup>5</sup> See, e.g., *Application of 360 Communications Company and ALLTEL Corporation*, Memorandum Opinion and Order, 14 FCC Rcd 2005 (1999) ("*360/ALLTEL Order*").

## **B. CenturyTel**

CenturyTel, a Louisiana corporation, is a telecommunications company headquartered in Monroe, Louisiana. CenturyTel provides consumer communications services including local exchange, wireless, long distance, Internet access and data services to more than three million customers in 21 states. CenturyTel is the 8th largest local exchange carrier in the United States, based on access lines. CenturyTel's wireless operations include service to almost 800,000 subscribers in six states. CenturyTel holds cellular and PCS licenses, predominantly in rural areas, covering nearly 9.8 million population equivalents.

## **III. DESCRIPTION OF TRANSACTION**

On March 19, 2002, ACI and CenturyTel entered into a Stock Purchase Agreement pursuant to which ACI will purchase certain cellular, microwave and PCS properties owned by CenturyTel for approximately \$1.65 billion in cash. Included in the transaction are minority interests in cellular operations of 2 million proportionate POPs, or potential customers,<sup>6</sup> and PCS licenses covering 1.3 million POPs in Wisconsin and Iowa.

ALLTEL, on ACI's behalf, will finance the purchase through a combination of debt and equity or equity-linked securities with the goal of maintaining ALLTEL's credit rating. The company has received commitments for interim financing from Merrill Lynch and Bank of America, in addition to existing credit facilities, all of which will be used for both the instant transaction and a pending wireline acquisition.

If approved, the proposed transaction will afford ACI more than 700,000 additional wireless customers and expand its wireless footprint into complementary new markets across Arkansas, Louisiana, Michigan, Mississippi, Texas and Wisconsin. Upon closing on the transaction, ACI will have approximately 7.4 million wireless customers in 24 states.

## **IV. PUBLIC INTEREST/COMPETITIVE ANALYSIS**

In accordance with its obligations under Section 310(d) of the Act, the Commission must determine whether grant of the proposed transfer of control will serve the public interest, convenience and necessity.<sup>7</sup> Currently, the Commission "evaluates the competitive effects of the acquisition of CMRS spectrum primarily through the general application of numerical thresholds

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<sup>6</sup> ACI will be acquiring minority interests in the following entities: ALLTEL Cellular Associates of Arkansas Limited Partnership, Dallas SMSA Limited Partnership, Detroit SMSA Limited Partnership, Eastern SUB-RSA Limited Partnership, GTE Mobilnet of Austin Limited Partnership, Madison SMSA Limited Partnership, Midwest Wireless Holdings, L.L.C., Milwaukee SMSA Limited Partnership, Thumb Cellular Limited Partnership, Washington RSA No. 8 Limited Partnership, Wisconsin No. 4 Limited Partnership, Wisconsin No. 10 Limited Partnership. No FCC filings will be made in the names of these licensees because ACI is acquiring a minority partnership interest in each case.

<sup>7</sup> 47 U.S.C. § 310(d).

such as the spectrum cap.”<sup>8</sup> This bright-line barometer of competition was originally designed to “discourage anticompetitive behavior while at the same time maintaining incentives for innovation and efficiency.”<sup>9</sup> Although the Commission has determined that long-term retention of the spectrum cap is no longer necessary to serve the pro-competitive purposes for which it was adopted, the Commission notes that this bright-line competitive analysis “has provided parties with guidance regarding what transactions [the Commission] would likely consider to be in the public interest, enabled parties to structure their transactions to fall within the rule, and provided processing guidance for Commission staff.”<sup>10</sup>

The instant transaction, which proposes at most an aggregation of 35 MHz of spectrum in a handful of markets (discussed in more detail below), falls not only well below the current spectrum cap of 55 MHz, but a full 10 MHz below the stricter, previous cap of 45 MHz. Thus, under the Commission’s bright-line spectrum cap analysis, the proposed transaction raises no competitive concerns. Even if the Commission ignores this bright-line competitive analysis and applies the more involved Bell Atlantic/NYNEX analysis, the proposed transaction still raises no competitive concerns.

Beginning with its review of the merger of Bell Atlantic and NYNEX, the Commission articulated a multi-step inquiry for its public interest analysis of proposed mergers or acquisitions of telecommunications carriers.<sup>11</sup> In addition to considering the merger-specific efficiencies such as cost reductions, productivity enhancements, improved incentives for innovation, and the advancement of FCC policy goals, the Commission’s analysis also includes a framework for assessing the competitive impact of the merger on the relevant telecommunications market.

Under this competitive analysis, the Commission first defines the relevant product and geographic markets. Second, the Commission identifies significant current and potential participants in each relevant market, especially those likely to play a significant competitive role. Third, the Commission evaluates the horizontal effects that the proposal may have on competition in the relevant markets. Ultimately, the Commission will weigh any competing harmful and beneficial effects to determine whether, on balance, the proposal is likely to enhance competition in the markets in question or otherwise serve the public interest.

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<sup>8</sup> *In the Matter of 2000 Biennial Regulatory Review, Spectrum Aggregation Limits for Commercial Mobile Radio Services*, Report and Order, 16 FCC Rcd 22668, 22693 (2001).

<sup>9</sup> *Id.* at 22679.

<sup>10</sup> *Id.* at 22696.

<sup>11</sup> *See, e.g., Applications of NYNEX Corporation and Bell Atlantic Corporation*, Memorandum Opinion and Order, 12 FCC Rcd 19985, 20008-14 (1997) (“*Bell Atlantic/NYNEX Order*”); *Application of Motorola, Inc. and American Mobile Satellite Corporation for Consent to Transfer Control of Ardis Company*, Memorandum Opinion and Order, 13 FCC Rcd 5182, 5189-92 (1998); *Applications of PacifiCorp Holdings, Inc. and Century Telephone Enterprises, Inc.*, Memorandum Opinion and Order, 13 FCC Rcd 8891, 8898-8902 (1997) (“*Pacific Corp/Century Order*”).

As shown below, application of this analysis to the proposed transaction demonstrates that it will result in significant procompetitive benefits with no adverse effect on competition. The proposed transfer of control, therefore, is in the public interest and should be approved.

**A. Product Market**

The product market is defined as a product or a group of products for which there are no close demand substitutes.<sup>12</sup> For purposes of the Commission's review of the proposed transaction, the only relevant product market the Commission needs to analyze is the single market in which both ACI and CenturyTel offer the same wireless service --- interconnected mobile telephone service; however, because ACI and CenturyTel are not material competitors in any material geographic area for the delivery of this product, the proposed transaction raises no competitive issues, as discussed below.

**B. Geographic Markets and Competitive Effects**

The relevant geographic market is defined as a geographic area that encompasses consumers who face similar choices regarding vendors of a particular product or service.<sup>13</sup> In the vast majority of markets, there is no overlap between ACI's and CenturyTel's wireless properties. As such, the proposed transfer, by and large, merely aggregates two complementary wireless telecommunications networks and poses no competitive concerns.

There are eight BTAs where there is overlap between ACI's 10 MHz PCS licenses and CenturyTel's 25 MHz cellular licenses;<sup>14</sup> however, in four of these markets, the overlap is minor.<sup>15</sup> In the remaining four markets, the overlap is significant but in no instance would the proposed combination diminish existing competition inasmuch as ACI is in the process of

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<sup>12</sup> See *Applications of Pittencrieff Communications, Inc. and Nextel Communications, Inc.*, Memorandum Opinion and Order, 13 FCC Rcd 8935 (1997) ("*Pittencrieff/Nextel Order*"); *PacifiCorp/Century Order*, 13 FCC Rcd at 8899-8901.

<sup>13</sup> See *Pittencrieff/Nextel Order*, 13 FCC Rcd at 8951 (citation omitted).

<sup>14</sup> The ACI PCS to CenturyTel cellular overlap occurs in the following BTAs: BTA 42, Biloxi, MS; BTA 125 El Dorado, AR; BTA 182 Harrison, AR; BTA 219 Jonesboro, AR; BTA 257 Little Rock, AR; BTA 348 Pine Bluff, AR; BTA 443 Texarkana, AR; and BTA 470 West Plains, MO.

<sup>15</sup> In these four markets, BTA 470 West Plains, MO; BTA 219 Jonesboro, AR; BTA 182 Harrison AR; BTA 125 El Dorado, AR; and, BTA 42 Biloxi, MS, the overlaps cover population percentages that range from 10.8 percent in BTA 470, West Plains, MO (ACI's authorized 10 MHz PCS territory overlaps 10.8 percent of the population in Fulton County which is located within CenturyTel's Arkansas RSA No. 2 licensed service area) to 19.8 percent in BTA 219, Jonesboro, AR (ACI's authorized 10 MHz PCS territory overlaps 19.8 percent of the populations of Randolph and Lawrence Counties which are located within CenturyTel's Arkansas RSA No. 3 licensed service area.).

initiating service and is therefore not a true competitor in these markets.<sup>16</sup> As a new market entrant, ACI will have little or no market share in the overlapping markets. The combination of ACI's subscriber base with CenturyTel's accordingly does not lead to any decrease in competition.

ACI does and will continue to face vigorous competition from numerous competitors throughout its service area, including nationwide carriers AT&T Wireless, Verizon Wireless, Sprint PCS, Cingular Wireless, VoiceStream Wireless, and large regional carriers such as U.S. Cellular. ACI also faces competition from SMR providers, including Nextel, which is marketing its own two-way mobile voice service. In addition, ACI will serve only a very small fraction of the total number of nationwide wireless subscribers. Upon consummation of the proposed transaction, ACI will have approximately 7.4 million wireless subscribers, which represents only 6.76 percent of mobile telephony subscribers in the U.S.<sup>17</sup> Thus, once the transaction closes, ACI will have an immaterial share of the total wireless market for the purposes of the instant competitive analysis.

In addition to this robust level of actual competition, once the transaction closes, there will be no fewer than four and as many as eleven (in most cases there appear to be between five and eight) authorized providers of interconnected mobile telephone service in the markets where the ACI PCS to CenturyTel cellular overlap occurs.<sup>18</sup> As such, the overlaps should not pose any competitive concerns for the Commission. This reasoning is consistent with the Commission's Wireless Telecommunications Bureau finding in its order granting authorization for the merger of 360° Communications Company and ACI. The existence of overlap between ACI 10 MHz PCS licenses and 360° cellular territory did not pose a competitive issue.<sup>19</sup> The same reasoning applies to the instant transaction.

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<sup>16</sup> The five-year buildout dates for ACI's PCS authorizations fall on April 18, 2002. ACI will comply with the buildout requirements set forth in Section 24.203 of the Commission's rules and will duly file its Notifications with the Commission pursuant to Section 23.203(c) of the rules.

<sup>17</sup> According to the Commission's *Sixth Competition Report*, mobile subscribership in the U.S. reached 109.5 million as of December 21, 2000. *Sixth Competition Report*, 16 FCC Rcd at 13354.

<sup>18</sup> Applicants base this assessment on information available through the Commission's Universal Licensing System.

<sup>19</sup> See *360/ALLTEL Order*. Applicants note that the Commission allocated 10 MHz blocks of PCS spectrum for several reasons, not the least of which was to enable cellular carriers to obtain PCS spectrum within their cellular service territories for purposes of supplementing existing capacity and/or providing niche services. To bar the instant transaction merely because there is limited PCS to cellular overlap in a very small number of markets would seem to moot at least one of the objectives that the Commission sought to achieve with its 10 MHz PCS allocations. See *Amendment of the Commission's Rules to Establish New Personal Communications Services*, GEN Docket No. 90-314; RM-7140, RM-7175, RM-7618, Second Report and Order, 8 FCC Rcd 7700, ¶¶97-111 (1993).

With the emergence of national cellular, PCS and SMR networks, consumers are enjoying wireless service within ever-expanding service territories along with the attendant cost reductions and enhanced service quality. The Commission recognizes that expanded service territories allow companies to provide service at a lower cost and with greater quality than often can be delivered through roaming agreements.<sup>20</sup>

The business, marketing and technical efficiencies that will flow from combining the complementary ACI and CenturyTel wireless properties will benefit consumers by increasing ACI's wireless coverage area and thereby reducing roaming charges, enabling ACI to provide a greater variety of regional calling plans and providing consumers with the potential cost savings that result from increased economies of scale and scope. Approval of the instant transaction will also position ACI to more effectively compete against giants in the domestic telecommunications industry, as well as provide technically advanced services in rural areas.

#### V. ADDITIONAL AUTHORIZATIONS

While the applications for approval of the transfer of control of the authorizations described herein are intended to be complete, the FCC licensees involved in this proposed transaction may have on file, and may file for, additional authorizations for new or modified facilities which may be granted during the pendency of the transfer of control applications. Accordingly, Applicants request that the grant of the transfer of control applications include authority for ACI to acquire control of:

- (1) any relevant authorization issued to a CenturyTel transferor entity during the pendency of the FCC's consideration of the transfer of control applications or during the period required for consummation of the transfer following approval;
- (2) construction permits held by such licensees that mature into licenses after closing and that may have been omitted from the transfer of control applications; and
- (3) applications that will have been filed by such licensees and that are pending at the time of consummation of the proposed transfer.

Such action would be consistent with prior decisions of the FCC.<sup>21</sup>

Pursuant to Sections 1.927 and 1.929(c)(1) of the FCC's rules, Applicants request a blanket exemption from any applicable cut-off rules in cases where ACI files amendments to pending Part 22 or Part 101 applications to reflect the consummation of the proposed transfer of control of license. The exemption is requested so that amendments to pending applications reporting the change in ownership will not be treated as major amendments requiring a second public notice period. The overarching scope of the transaction demonstrates that any ownership

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<sup>20</sup> See *Pittencrieff/Nextel Order*, 13 FCC Rcd at 8952.

<sup>21</sup> See *PacifiCorp/Century Order*, 13 FCC Rcd at 8915-16; *Applications of Pacific Telesis Group and SBC Communications, Inc.*, Memorandum Opinion and Order, 12 FCC Rcd 2624, 2665 (1997); *Applications of Craig O. McCaw and American Telephone and Telegraph Co.*, Memorandum Opinion and Order, 9 FCC Rcd 5836, 5909 n.300 (1994) ("*Craig O. McCaw*").

changes that result with respect to any particular pending application are part of the instant transaction undertaken for a legitimate business purpose. Grant of an exemption from the cut-off rules would be consistent with previous FCC decisions routinely granting a blanket exemption in cases involving large transactions.<sup>22</sup>

Finally, Applicants note that the subject wireless systems are presently in compliance with operational requirements. Therefore, the proposed transaction does not involve trafficking in unbuilt facilities, although additional facilities may be authorized and not yet constructed, or may be operational for less than a year. As noted above, the authorizations subject to the instant application are part of a larger transaction to effectuate a proposed transfer of control of several CenturyTel entities. Thus, under Sections 1.948(i), 22.943 and 101.55(d) of the Commission's rules, the proposed transaction does not present any trafficking issues.<sup>23</sup>

## VI. CONCLUSION

For the foregoing reasons, this transaction will serve the public interest. The Applicants therefore respectfully urge the Commission to expeditiously grant this application and those filed contemporaneously herewith.

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<sup>22</sup> See, e.g., *PacifiCorp/Century Order*, 13 FCC Rcd at 8915; *Craig O. McCaw*, 9 FCC Rcd at 5909 n.300; *Applications of Centel Corporation and Sprint Corporation*, Memorandum Opinion and Order, 8 FCC Rcd 1829, 1833 (1993).

<sup>23</sup> 47 C.F.R. §§ 1.948(i), 22.943(a) and 101.55(d).