

WT 03-19

FCC 603	FCC Wireless Telecommunications Bureau Application for Assignments of Authorization and Transfers of Control	Approved by OMB 3060 - 0800 See instructions for public burden estimate Submitted 01/06/2003 at 08:10PM File Number: 0001138904
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1) Application Purpose: Assignment of Authorization	
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? No
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 or other method required by applicable rule. attach as an exhibit a statement on how control will be assigned or transferred, along with copies of any pertinent contracts, agreements, instruments, certified copies of Court Orders, etc.
of authorization or transfer of _____ of license is: Voluntary

10) FCC Registration Number (FRN): 0005149661	
11) First Name (if individual):	MI: Last Name: Suffix:
12) Entity Name (if not an individual): NEW YORK PCS HOLDING, LLC.	
13) Attention To: JOHN DOLAN	
14) P.O. Box:	And / Or 15) Street Address: 80 BAYLIS ROAD, SUITE 201
16) City: MELVILLE	17) State: NY 18) Zip Code: 11747
19) Telephone Number: (631)592-7700	20) FAX Number: (631)592-7777
21) E-Mail Address:	

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

23) FCC Registration Number (FRN):			
24) First Name (if individual):	MI:	Last Name:	Suffix:
25) Entity Name (if not an individual):			
26) P.O. Box:	And / Or		
28) City:	29) State:	30) Zip Code:	
31) Telephone Number:			

34) First Name:	MI:	Last Name:	//suffix:
35) Company Name:			
36) P.O. Box:	And / Or	37) Street Address:	
38) City:	39) state:	40) Zip Code:	
41) Telephone Number:		42) FAX Number:	
43) E-Mail Address:			

44) The Assignee is a(n): Joint Venture			
46) First Name (if individual):	MI:	Last Name:	Suffix:
47) Entity Name (if other than individual): Cellco Partnership d/b/a Veruon Wireless			
48) Name of RealParty in Interest:			1/49) TIN:
50) Attention To: Sarah Welsman			
51) P.O. Box:	And / Or	52) Street Address: 1300 I Street, NW - Suite 400 West	
53) City: Washington	54) State: DC	55) Zip Code: 20005	

59) First Name:	MI:	Last Name:	Suffix:
60) Company Name:			
61) P.O. Box:	And / Or	62) Street Address:	
63) City:	64) State:	65) Zip Code:	
66) Telephone Number:		67) FAX Number:	
68) E-Mail Address:			

6) Is the Assignee or Transferee a foreign government or the representative of any foreign government?	No
7) Is the Assignee or Transferee an alien or the representative of an alien?	No
7) 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.	Yes

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

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

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

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 p m forma assignments and transfers by telecommunications carriers. See Memorandum Opinion and Order. 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

79) Typed or Printed Name of Party Authorized to Sign

MI: M	Last Name: Curtin	Suffix:
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Signature: Stephen M Curtin

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 *pro forma* assignments and transfers by telecommunications carriers See Memorandum Opinion and Order. 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: John	MI: T	Last Name: Scott	Suffix: III
83) Title: VP Deputy General Counsel Regulatory Law			
Signature: John T Scott III		84) Date: 01/06/03	
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) Frequency Number	90) Lower or Center Frequency (MHz)	91) Upper Frequency (MHz)	92) Constructed Yes / No
KNLH264	AL						Yes

FCC Form 602		Approved by OMB <small>XXXX XXXX</small> See instructions for public burden estimate
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(as determined by the applicable rules governing the licenses issued to the Assignor)?

If Yes, is the Assignee applying for installment payments?

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

Year 1 Gross Revenue:	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 and that they comply with the definition of a Publicly Traded Corporation, as set out in the applicable FCC rules.

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

All licensees 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 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	01/06/03	Exhibit 4 -Question 77	0178123445341896810057266.pdf
Other	01/06/03	Exhibit 5	0178123755341896810057266.pdf
Other	01/06/03	Exhibit 2	0178124385341896810057266.pdf
Other	01/06/03	Exhibit 6	Not Available

DESCRIPTION OF TRANSACTION AND PUBLIC INTEREST STATEMENT

I. INTRODUCTION

In this application and two related, simultaneously-filed applications, Northcoast Communications, LLC (“Northcoast”), Boston Holding, LLC, and New York PCS Holding, LLC (collectively, the “Northcoast Companies”), and Cellco Partnership d/b/a Verizon Wireless (“Verizon Wireless”), seek the Commission’s consent to the assignment of fifty 10MHz PCS licenses to Verizon Wireless. The assignments will occur pursuant to an Asset Purchase Agreement among the parties dated ~~as~~ of December 19, 2002 (“Agreement”). There are no related microwave station or international authorizations being assigned. **Exhibit 2** to each of the applications contains a copy of the Agreement and the exhibits thereto.

The transaction fully complies with all Commission rules, and does not require any waivers. All unpaid installment payments and bidding credits owed by the Northcoast Companies as *of* the closing date will be paid in full to the Commission at or before closing. The transaction will increase Verizon Wireless’ spectrum holdings only to 35 MHz or less in 44 of the 50 BTAs and only to 45 or 50 MHz in the remaining BTAs. As detailed below, the transaction will serve the public interest and raises no competitive issues. It will allow Verizon Wireless to enter new markets and compete against incumbent providers, provide Verizon Wireless additional spectrum capacity to strengthen its ability to respond to growing demands on its network, and enable it to expand its offerings of state of the art wireless products and services to the public.

11. DESCRIPTION OF THE PARTIES

A. The Northcoast Comaanies

Northcoast is a Delaware limited liability company that was formed in 1996 **for** the purpose of participating as a “designated entity” in Auction No. 11. In 1997, Northcoast was awarded 49 D, E and F block licenses in Auction 11. In 2001, it was awarded seven C and F block licenses after participating in Auction 35. Northcoast has two members, Northcoast PCS, L.L.C. (“Northcoast PCS”) and Cablevision PCS Investment, Inc. (“Cablevision PCS”). Northcoast PCS holds a 50.1% equity interest and a 75% voting interest in Northcoast, and Cablevision PCS holds a 49.9% equity and 25% voting interest, Northcoast PCS ultimately is controlled by John M. Dolan, and Cablevision PCS ultimately is controlled by Cablevision Systems Corporation. In 2001, Northcoast completed an internal corporate restructuring. As part of that transaction, Northcoast completed a pro forma assignment of its Boston and New York market licenses to

Boston Holding, LLC and New York PCS Holding, LLC, respectively. The ultimate parent of each of these license subsidiaries is Northcoast, as controlled by John M. Dolan.

B. Verizon Wireless

Verizon Wireless is a general partnership which is ultimately owned by Verizon Communications Inc. (“Verizon Communications”) and Vodafone Group Plc. (“Vodafone”). Verizon Wireless’ qualifications to hold cellular and PCS licenses are a matter of public record, established and approved in numerous Commission decisions granting it numerous cellular and PCS licenses based on findings that it is fully qualified to be a licensee.’ Detailed information as to Verizon Wireless’ ownership is provided in Exhibit 3 to these applications and in Verizon Wireless’ Form 602, which is on file with the Commission.

Vodafone’s minority, indirect, non-controlling interest in the partnership, and its qualifications (as a foreign corporation) to hold indirect ownership interests in common carrier licensees, have been previously authorized by the Commission under section 310(b)(4) of the Communications Act? No subsequent changes have occurred in Verizon Wireless’ foreign ownership. Neither Vodafone nor any of its foreign subsidiaries hold any direct ownership interests in any common carrier licenses. Accordingly, Verizon Wireless requests that the Commission find that no new foreign ownership issues are raised by this filing and extend the previous section 310(b)(4) authorization to the Licenses in this application.

Exhibit 4 to the applications provides information responsive to those questions on Form 603 that seek information as to pending litigation involving the assignee. The responses to those questions, and Exhibits 3 and 4, demonstrate that Verizon Wireless is fully qualified to acquire the fifty PCS licenses that are the subject of these applications.

¹ E.g., Public Notice, “Wireless Telecommunications Bureau and International Bureau Grant Consent for Assignment or Transfer of Control of Wireless Licenses and Authorizations from Price Communications Corporation to Cellco Partnership d/b/a Verizon Wireless,” DA 01-191 (rel. March 30, 2001) (“Price/Verizon Wireless Order”).

² See Applications of Vodafone AirTouch Plc and Bell Atlantic Corp., Memorandum Opinion and Order, DA 00-721 at ¶ 19 (Intl. and Wir. Tel. Burs., rel. Mar. 30, 2000) (“Vodafone/Bell Atlantic Order”); FCC Public Notice, “International Authorizations Granted,” Report No. TEL-00174, DA No. 99-3033 (IB and WTB, rel. Dec. 30, 1999); Applications of AirTouch Communications, Inc. and Vodafone Group, Plc., 14 FCC Rcd 9430 at ¶ 9 (WTB 1999).

III. DESCRIPTION OF THE TRANSACTION

The transaction involves the assignment of fifty 10MHz PCS licenses which Northcoast acquired in two Commission spectrum auctions. Verizon Wireless will pay cash for the licenses and certain related assets at the closing. The Northcoast Companies will not retain any ownership interest in the licenses or assets being assigned after the closing.

A. Auction 11 Licenses

All but three of the licenses being assigned pursuant to this transaction were acquired by Northcoast in Auction 11. Northcoast was awarded 49 licenses in that auction. One license recently was assigned to Triton PCS License Company L.L.C.,³ and another license is not a part of the proposed transaction. Consequently, 47 of the original 49 licenses Northcoast acquired in Auction 11 are part of the proposed transaction. Northcoast subsequently assigned two of the original 49 licenses to the newly created limited liability companies discussed above, Boston Holding, LLC and New **York** PCS Holding. The FCC consented to these two assignments on March 29, 2001.⁴ Those two companies are assigning their individual licenses pursuant to this transaction as well.

Forty-two of the 47 Auction 11 licenses to be assigned are “closed,” and thus subject to eligibility restrictions. However, 47 CFR § 24.839(a)(6) provides an exception to the general restriction on the assignment of closed licenses to non-entrepreneurs such as Verizon Wireless, where the licensee **has** notified the FCC pursuant to 47 CFR § 24.203(c) that its five-year construction requirement has been satisfied. That condition has been met here. The Northcoast Companies have certified to the Commission that they have satisfied the five-year construction build-out obligation set forth in section 24.203 with respect to each of the licenses they hold. The Commission already has reviewed and approved all of the build-out notifications filed by the Northcoast Companies. The list of licenses set forth below identifies the file numbers for the buildout notifications and the dates they were granted. Five of the 47 Licenses acquired in FCC Auction No. 11 are not closed C and F Block licenses and are therefore not subject to the same restrictions on transfer.

³ ULS File No. 0000967526; consummation notice granted November 26, 2002, ULS File No. 0001101719.

⁴ ULS File No. 0000259572 (assigning KNLH242 from Northcoast to Boston Holding, LLC) and ULS File No. 0000259564 (assigning KNLH264 from Northcoast to New **York** PCS Holding, LLC). **See Public Notice**, “Wireless Telecommunications Bureau Grants Consent to Assign F Block Licenses,” DA 01-789 (rel. Mar. 29, 2001).

In addition, pursuant to the Agreement, and as required by 47 CFR § 1.2111(c), all outstanding installment financing payments associated with the 47 Auction 11 licenses will be paid to the FCC in full on the consummation date.

B. Auction 35 Licenses

Northcoast acquired the remaining three licenses to be assigned pursuant to this transaction (WPTS935, WPTS937, WPTS940) less than three years ago, through competitive bidding procedures in Auction 35. Pursuant to 47 CFR § 1.2111(a), the parties are required to include a copy of the underlying agreement with this application. A complete copy is provided as Exhibit 2 to each application. There are no other documents relevant to the consideration that Northcoast will receive in return for the assignment of the three PCS Licenses to Verizon Wireless. None of these Licenses was subject to "closed" bidding pursuant to 24.709(f), and thus are not subject to the transfer and assignment restrictions as discussed above.

In addition, pursuant to the Agreement, and as required by 47 CFR § 1.2111(d), all unjust enrichment payments (bidding credits) associated with the three Auction 35 Licenses will be paid to the FCC on the consummation date. (No installment payment financing arrangements were permitted for Auction 35.)

C. Application Fees

There are no application filing fees associated with these applications because they involve only the assignment of Broadband PCS licenses.

D. Licenses Covered by the Applications

The BTA name and Number, MHz Amount, Call Sign, and Frequency Block for each of the licenses to be assigned are listed below. The chart also lists the file number of the applicable buildout notification and the date of grant for each notification. Licenses acquired in Auction 35, for which the five year buildout deadline has not yet passed, are listed at the end of this chart. All of the licenses are currently held by Northcoast except KNLH242, which is held by Boston Holding, LLC, and KNLH264, which is held by New York PCS Holding, LLC.

LIST OF LICENSES

BTA Name	BTA Number	MHz Amount	Call Sign	Frequency Block	Buildout File No.	Buildout Grant Date
Allentown, PA	010	10	KNLF941	F	0000868108	6/08/02
Ashtabula, OH	021	10	KNLH237	F	0000868109	6/03/02
Athens, OH	023	10	KNLH238	F	0000868110	6/03/02
Bangor, ME	030	10	KNLH239	F	0000868111	6/03/02
Binghamton, NY	043	10	KNLH240	F	0000920091	7/15/02
Bluefield, WV	048	10	KNLH241	F	0000868112	6/03/02
Boston, MA	051	10	KNLH242	F	000892141	7/15/02
Canton, OH	065	10	KNLH243	F	0000868113	6/03/02
Chillicothe, OH	080	10	KNLH244	F	0000868114	6/03/02
Clarksburg, WV	082	10	KNLH245	F	0000868115	6/03/02
Columbus, OH	095	10	KNLH247	F	0000868116	6/03/02
East Liverpool, OH	122	10	KNLH248	F	0000868117	6/03/02
Findlay-Tiffin, OH	143	10	KNLH250	F	0000868119	6/03/02
Hartford, CT	184	10	KNLH251	F	0000892167	7/15/02
Huntington, WV	197	10	KNLH252	F	0000868120	6/03/02
Hyannis, MA	201	10	KNLH253	E	0000918558	7/15/02
Kalamazoo, MI	223	10	KNLH254	F	0000868121	6/3/02
Lewiston, ME	251	10	KNLH 255	F	0000868122	6/03/02
Lexington, KY	252	10	KNLH 256	F	0000868123	06/03/02
Mansfield, OH	278	10	KNLH 257	F	0000868124	06/03/02
Marion, OH	281	10	KNLH258	F	0000868125	06/03/02
Meadville, PA	287	10	KNLH259	F	0000868126	06/03/02
Minn. St. Paul, MN	298	10	KNLH260	F	0000869087	6/18/02
New Castle, PA	317	10	KNLH261	F	0000868127	6/03/02
New Haven, CT	318	10	KNLH262	F	0000918580	7/15/02
New London, CT	319	10	KNLH263	F	0000904446	7/15/02
New York, NY	321	10	KNLH264	F	0000912737	7/15/02

BTA Name	BTA Number	MHz Amount	Call Sign	Frequency Block	Buildout File No.	Buildout Grant Date
Pittsfield, MA	351	10	KNLH265	F	0000912709	7/15/02
Portland, ME	357	10	KNLH266	E	0000912710	7/15/02
Portsmouth, OH	359	10	KNLH267	F	0000868128	6/10/02
Poughkeepsie, NY	361	10	KNLH268	F	0000920084	7/15/02
Providence, RI	364	10	KNLH269	E	0000912711	7/15/02
Rochester, NY	379	10	KNLH270	F	0000912712	7/15/02
Rockford, IL	380	10	KNLH271	F	0000868129	6/03/02
Sandusky, OH	403	10	KNLH272	F	0000868130	6/03/02
Springfield, MA	427	10	KNLH273	F	0000904465	7/15/02
Steubenville, OH	431	10	KNLH274	F	0000868131	6/03/02
Stroudsburg, PA	435	10	KNLH275	D	0000868132	6/03/02
Syracuse, NY	438	10	KNLH 276	F	0000912713	7/15/02
Toledo, OH	444	10	KNLH 277	E	0000868133	6/03/02
Waterville, ME	465	10	KNLH278	F	0000868134	6/03/02
Wenatchee, WA	468	10	KNLH 279	F	0000868135	6/03/02
Wheeling, WV	471	10	KNLH280	F	0000868136	6/03/02
Williamsport, PA	475	10	KNLH281	F	0000868137	6/03/02
Worcester, MA	480	10	KNLH282	F	0000912714	7/31/02
Youngstown, OH	484	10	KNLH283	F	0000868138	6/03/02
Zanesville, OH	487	10	KNLH284	F	0000868139	6/03/02
Glens Falls, NY	164	10	WPTS935	F1	1 st Buildout 12/10/06	
Keene, NH	227	10	WPTS937	C3	1 st Buildout 12/10/06	
Scranton, PA	412	10	WPTS940	F1	1 st Buildout 12/10/06	

IV. THE TRANSACTION WILL SERVE THE PUBLIC INTEREST

This transaction will serve the public interest in two principal ways. First, by expanding Verizon Wireless' licensed footprint, it will enable consumers in some of these markets to have access for the first time to the wide array of state-of-the-art voice and data products and services that Verizon Wireless offers, thus giving consumers increased choice among wireless competitors and offerings. Second, in markets where Verizon Wireless currently offers service, the transaction will allow it to integrate these PCS licenses into its network, thereby enabling it to expand its network capacity and services. The PCS licenses will increase Verizon Wireless' spectrum capacity in populous markets where it currently is spectrum-constrained because it holds only a 25 MHz cellular license, thereby allowing it to serve the growing demand from existing subscribers for its services, as well as to accommodate new subscribers and the growth of new services. The Commission allocated 10 MHz blocks of PCS spectrum, among other reasons, to enable cellular carriers to obtain PCS spectrum within their cellular service territories for purposes of supplementing existing capacity, and has approved cellular/PCS aggregations up to 55 MHz. This transaction serves one of the Commission's stated purposes for the allocation of these licenses in 10MHz blocks. This transaction will increase Verizon Wireless' spectrum holdings only to 35 MHz or less in 44 of the 50 markets. In the remaining six markets, Verizon Wireless will hold either 45 MHz or 50 MHz.

For the majority of the markets covered by this transaction, there is either no overlap or only partial overlap of Verizon Wireless' existing licenses and the Northcoast Companies' 10 MHz PCS licenses. Exhibit 5 to the applications lists each of the 50 PCS BTA markets in which Northcoast is assigning a 10MHz license, and the amount of spectrum Verizon Wireless currently holds in each market. Exhibit 5 shows that there are nine BTAs where there is no spectrum overlap at all.⁵ In some of the other markets, Verizon Wireless holds only a 25 MHz cellular license, which authorizes it to serve a significantly smaller area than the overlapping PCS licensees can. This is because, while cellular licenses are granted for relatively small "MSAs" or "RSAs," PCS licenses are granted for larger "MTAs" or "BTAs." Thus, in those markets where Verizon Wireless currently holds a cellular license, Verizon Wireless will be able to expand its coverage footprint.

Numerous pro-competitive benefits will result from the expansion of Verizon Wireless' footprint pursuant to this transaction. First, in the nine markets where Verizon Wireless currently has no spectrum, the transaction will bring a new facilities-based competitor, leading to increased competition for the incumbent CMRS providers that will benefit the public. Second, even in the markets where Verizon Wireless currently has partially overlapping licensed service areas, the larger authorized coverage areas of the PCS licenses it will acquire will enable Verizon

⁵ Athens, OH, Bangor, ME, Chillicothe, OH, East Liverpool, OH, Huntington, WV, Kalamazoo, MI, Waterville, ME, Youngstown, OH, Zanesville, OH

Wireless to expand its coverage and increase competition to incumbent PCS carriers who currently can obtain the efficiencies of larger service areas. Third, footprint expansion brings with it enhanced economies of scale and scope, such as greater purchasing and billing system efficiencies, reductions in roaming costs, and reductions in common expenses.

The Commission has repeatedly found that the expansion of national or regional CMRS competitors through increased licensed service areas (such as the expansion this transaction will permit) is in the public interest because it can bring consumers lower prices, higher quality, greater coverage, expanded roaming capability, lower roaming rates, and state-of-the-art wireless services. It has also pointed to the pro-competitive efficiencies that result from being able to spread the cost of deploying network infrastructure, customer service and other operations over a larger customer base.⁶ It has thus repeatedly approved transactions that enable wireless carriers to expand their footprint.’ In fact, the growth of national carriers such as Verizon Wireless has correlated with a consistent trend toward lower prices, greater coverage and expanded service offerings for wireless consumers.’

In those markets where Verizon Wireless’ spectrum holdings overlap the Northcoast 10 MHz PCS licenses, the transaction brings with it different but equally important public interest benefits. The Commission has recognized that CMRS providers need sufficient spectrum to offer the growing array of services that customers demand as well as to meet the rapid growth in minutes of use of wireless networks and numbers of customers. This need is particularly acute in many of the more densely-populated markets. In populous markets such as New York City and Boston, for example, Verizon Wireless holds only a 25 MHz cellular license. Spectrum capacity constraints in these markets will make it more difficult for Verizon Wireless both to serve and to

⁶ *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 Services*, FCC 02-179 (July 3, 2002) (“*Seventh CMRS Competition Report*” at 13-14: “The Commission has concluded previously that operators with larger footprints can achieve certain economies of scale and increased efficiencies compared to operators with smaller footprints. Such benefits, along with advances such as digital technology, have permitted companies to introduce and expand innovative pricing plans such as digital-one-rate type plans, reducing prices to consumers.”

⁷ *See, e.g., Vodafone/Bell Atlantic Order; Applications of VoiceStream Wireless Corp. and Omnipoint Corp.*, 15 FCC Rcd 3341 (“*VoiceStream/Omnipoint Order*”); *Application of 360 Communications Company and ALLTEL Corp.*, 14 FCC Rcd 2005 (1999) (“*360/ALLTEL Order*”); Public Notice, “*Wireless Telecommunications Bureau and International Bureau Grant Consent for Transfer of Control or Assignment of Licenses from Telecorp PCS, Inc. to AT&T Wireless Services, Inc.*,” DA 02-331 (rel. February 12, 2002).

^a *See Seventh CMRS Competition Report.*

plan to serve the growing demand of its existing subscribers, to accommodate new customers, and to plan for longer-term deployment of new wireless services, particularly high-speed data services.

Furthermore, spectrum constraints force wireless carriers to make less economically efficient decisions, such as splitting cells, to increase capacity. In a mature network it usually is more efficient to increase the network's capacity to handle traffic by adding spectrum capacity to existing cells rather than by splitting cells. It is also challenging to keep up with demand by cell splitting in many areas because it takes considerable time and resources to complete the zoning and permitting approval process and in the worst-case scenario, there may be no suitable location for the new cell. Limiting access to additional spectrum risks potential degradation of service quality and increased cost to provide service. Acquiring the Northcoast Companies' spectrum will enable Verizon Wireless to invest efficiently in network capacity by adding capacity to its existing cells and integrating the PCS spectrum with its existing cellular spectrum in markets like New York and Boston. The public will benefit because Verizon Wireless can cost effectively provide more customers with quality service. For example, the capacity gained through assignment of these licenses to Verizon Wireless will help meet the strong demand for voice services and allow the company to plan for the continued growth in new data and information services like Express Network and "Get It Now," which provide higher-speed access to the internet and to various products.

The Commission has viewed capacity constraints as a legitimate reason for acquiring new spectrum in an existing service area. For example, it provided carriers **an** opportunity to seek a waiver of the 55 MHz spectrum cap "due to capacity constraints."⁹ (Grant of these applications, in any event, would not cause Verizon Wireless to exceed 55 MHz in any market; and in **all** but **six** markets, Verizon Wireless will hold only 35 MHz or less post-closing.) The Commission has authorized similar cellular-PCS aggregations by Verizon Wireless and other wireless carriers as in the public interest."

Moreover, the Commission originally offered PCS spectrum at auction in 10MHz blocks, among other reasons, to enable existing cellular carriers to obtain PCS spectrum within their cellular service territories for purposes of supplementing existing capacity and/or providing

⁹ *In the Matter of 2000 Biennial Regulatory Review, Spectrum Aggregation Limits for Commercial Mobile Radio Services*, Report and Order, 16 FCC Rcd 22668, 22701 (2001).

¹⁰ *See, e.g., 360/ALLTEL Order; Price/Verizon Wireless Order; VoiceStream/Omnipoint Order* (authorizing merger of **two** broadband PCS providers with extensive authorized service area overlaps); *Applications of Pittencrief Communications Inc. and Nextel Communications Inc.*, 13 FCC Rcd 8935 (WTB 1997); *Applications of Vanguard Cellular Systems Inc. and Winston, Inc.*, 14 FCC Rcd 3844 (WTB 1999) (authorizing acquisition of overlapping cellular and PCS spectrum holdings in various markets).

niche services.“ This transaction serves one of the Commission’s stated purposes for the allocation of PCS licenses in 10MHz blocks.

V. THE TRANSACTION CREATES NO COMPETITIVE HARMS

The Commission should have no competitive concerns about this transaction. In some of the markets, where Verizon Wireless currently holds no spectrum licenses, the transaction will enable Verizon Wireless to enter these markets in competition with existing service providers. Nor are there competitive harms that could result from the acquisition of the 10 MHz licenses in the remaining markets. First, it will not result in an aggregation of spectrum that could pose any anticompetitive risk. Second, it will not result in the reduction of actual competition in any market save one, and in that market, Northcoast has only a minimal market presence.

A. Spectrum Aggregation

Following FCC consent to these applications and closing of the transaction, Verizon Wireless’ spectrum holdings will increase as outlined in Exhibit 5. The exhibit includes the BTA name of the 50 markets, the component counties, and the amount of spectrum Verizon Wireless will hold in each county post-closing. In the non-overlap markets, Verizon Wireless will hold only 10MHz of spectrum, far less than the cellular and most PCS competitors in those markets. In the overlap markets, Verizon Wireless will hold only a combined 35 MHz or less of cellular and PCS spectrum in all but **six** cases. In those six markets, it will hold either 45 or 50 MHz.

The amount of spectrum Verizon Wireless will hold in every other market is well below levels of spectrum aggregation that the Commission has consistently approved in the past,” and consistent with recent approvals of cellular/PCS combinations involving overlapping spectrum holdings.¹³ While the Commission no longer reviews transactions using the CMRS “spectrum

¹¹ See Amendment of the Commission’s Rules to Establish New Personal Communications Services, GEN Docket No. 90-314; Second Report and Order, 8 FCC Rcd 7700, ¶¶ 97-111 (1993).

¹² See, e.g., *Price/Verizon Wireless Order* (approving spectrum aggregation of 55 MHz of combined cellular and PCS spectrum in Jacksonville MTA) ; *360/ALLTEL Order*.

¹³ Public Notice, “*Wireless Telecommunications Bureau Grants consent for The Transfer of Control of Licenses from CenturyTel, Inc. to ALLTEL Communications.*” DA 02-1366 (rel. June 12, 2002) (“*CenturyTel/ALLTEL Order*”). In that recent case, the Commission approved ALLTEL’s acquisition of multiple cellular and PCS licenses, including eight BTAs where there was overlap between a 25 MHz cellular license and a 10MHz PCS license, thereby authorizing the holding of 35 MHz of combined spectrum in these markets.

cap,” for years it found that, **as long as a carrier did not aggregate spectrum above the (initially) 45 MHz cap, a transaction generally raised no competitive concerns.** In 2001, it raised the cap to 55 MHz based on findings that this degree of spectrum aggregation should create no competitive concerns. The Commission has approved numerous spectrum aggregation transactions based upon these limits. And experience has in fact shown that such levels of spectrum aggregation do not cause competitive harm; the Commission has repeatedly found that the CMRS market remains robustly competitive, with services expanding and prices declining.¹⁴

B. Number of Competitors

In **all** of the markets that are part of this transaction, the Northcoast Companies have completed the five-year buildouts where required, but in all but one market they do not have commercial PCS subscribers. Therefore the proposed combination would not reduce actual competition in these markets. Verizon Wireless will remain a facilities-based competitor; in the markets with no or only partial overlap, Verizon Wireless plans to deploy commercial service, thereby increasing the number of competitors. Because the Northcoast Companies have no market share in these markets, the combination of Verizon Wireless’ and the Northcoast Companies’ spectrum holdings in these markets will not lead to any decrease in competition.¹⁵

This case is very similar to the recent proceeding in which the Commission approved the acquisition by ALLTEL Communications Inc. (“ACI”) of numerous CMRS licenses held by CenturyTel.¹⁶ Even though the parties described the overlap of the applicants’ spectrum holdings in some of the markets **as** “significant,” they argued that “in no instance would the proposed combination diminish existing competition inasmuch **as** ACI is in the process of initiating service and is therefore not **a** true competitor in these markets. **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.”” Here, too, because Northcoast does not currently provide commercial service in

¹⁴ *Seventh CMRS Competition Report* at 82: “The past year has continued the positive trends of increased competition in the CMRS industry described in previous reports. In 2001, the mobile telephone sector experienced another year of impressive subscriber growth, increased usage, and declining prices.”

¹⁵ *See, e.g., VoiceStream/Omnipoint Order*, 15 FCC Rcd at 3353 (merger of CMRS providers approved; although there was substantial overlap in spectrum holdings, “Omnipoint does not yet provide service to these areas. Consequently, the proposed merger will not reduce actual competition in any relevant market for mobile voice or data services.”).

¹⁶ *ALLTEL/CenturyTel Order*

¹⁷ Application for Transfers of Control, ULS File No. 0000824376, FCC Form 603, Exhibit 1, at 5-7, filed March 28, 2002.

49 of the 50 markets, Verizon Wireless' acquisition of its PCS licenses will not lead to any decrease in competition.

Furthermore, as can be seen from Exhibit 6, Verizon Wireless will continue to face vigorous competition from numerous competitors in every BTA that it is purchasing from the Northcoast Companies. Exhibit 6 lists those CMRS broadband carriers that, to the best of the applicants' knowledge, are currently offering commercial service in each BTA, as well as those carriers that hold licenses but are not offering commercial service at this time. The exhibit shows that Verizon Wireless will be competing with all of the other nationwide carriers – AT&T Wireless, Sprint PCS, Cingular Wireless, Nextel, and T-Mobile, all of which have established operations in many or most of the markets. Verizon Wireless will also be competing with large regional carriers such as U S Cellular and ALLTEL, and smaller regional carriers such as Leap and Dobson, who are already providing service.

Moreover, Exhibit 6 lists only the broadband, facilities-based CMRS providers (cellular, broadband PCS and enhanced SMR) that operate in the markets covered by the transaction and thus understates the level of competition in the provision of telecommunications products and services. The Commission has found that facilities-based broadband CMRS competes to various degrees with other wireless services, including one-way and two-way paging and narrowband PCS offerings and resellers. It has also found that it competes to some degree with certain landline telephone services.” In addition, as wireless carriers expand their data offerings and as the Commission licenses new mobile service spectrum for both terrestrial and satellite service, or provides spectrum for unlicensed services such as 802.11(b) or WiFi, “convergence” among service providers and the products they offer may warrant use of an expanded definition of the relevant product market beyond broadband CMRS. However, even considering that market to be only broadband CMRS, the presence of multiple competitors in each affected BTA market, as shown in Exhibit 6, supports the conclusion that the transaction will not diminish competition.

C. Service Overlap

Northcoast is operating commercially in only one market where Verizon Wireless is purchasing a 10MHz license. Northcoast began providing PCS service in the Canton, Ohio BTA in December 2001. As of December 30, 2002, Northcoast had 3,768 subscribers in Canton, which represents an approximate 1.3% share of the Canton market. (This calculation is based on a market population of 527,000 and an estimated wireless penetration rate of 55%.) All but six

¹⁸ *Seventh CMRS Competition Report* at 33-34: “There is growing evidence that consumers are substituting wireless service for traditional wireline communications. . . . Wireless plans are substituting for traditional wireline long distance as well. . . . An increasing number of mobile wireless carriers offer service plans designed to compete directly with wireline local telephone service.”

of those subscribers are located in Stark County (three are in Coshocton County and three in Tuscarawas County). Northcoast does not have any subscribers in Carroll County. Through its Canton, Ohio **MSA** and Ohio **RSA** 6 cellular licenses, Verizon Wireless provides service in Carroll, Coshocton and Stark counties. Consequently, except for the three Coshocton County subscribers, the actual CMRS service area overlap between Northcoast and Verizon Wireless is limited to one county in Ohio – Stark County.

Northcoast offers its subscribers a “paid in advance” service, which consists of unlimited minutes of local calling for **\$35.95** per month. Voicemail and other custom calling features, such as Caller ID and three way calling, are available at an additional charge (\$5.00 per month for voicemail, and \$5.00 per month for a package of custom calling features). In addition, while domestic long distance is not part of the standard \$35.95 package, it is available at \$0.05 per minute. The average Northcoast customer in the Canton market spends approximately \$41.00 in monthly recurring charges. Northcoast does not provide roaming as part of its service offering. Northcoast experiences a very high churn rate among its customers — approximately 6.5% each month. This rate is more than double the industry average of approximately 3% per month.

The parties believe that Verizon Wireless’ acquisition of Northcoast’s Canton license will have no impact on overall competition in the Canton **BTA**. Northcoast’s pricing is set on a Northern Ohio, not on a Canton-specific, basis, because Northcoast is also operating in the adjacent Cleveland **BTA** (the license for that market is not being assigned to Verizon Wireless in this transaction). Northcoast does not have separate pricing or promotions for Canton because, like most carriers, advertising is handled for the entire Northern Ohio area. Indeed, most CMRS carriers serving the Canton area set prices and promotions for a geographic area much larger than the Canton market. In addition, as a result of general downward pressure on prices, competing carriers have greatly increased the number of minutes offered under their calling plans, resulting in little discernible difference between Northcoast’s offering and those of other carriers. For all of these reasons, the parties believe that competing carriers in the Canton **BTA** (or, essentially in Stark County, Ohio) will not raise their rates or adjust their offerings in response to Northcoast’s exit from this market.

Northcoast is in the process of devising a transition plan for its Canton subscribers upon its termination of service in that market. The key elements of this plan are that: 1) Northcoast customers will be free to switch to any carrier that they choose; 2) Northcoast customers will be notified of its plans to discontinue service by bill inserts, and they will receive at least 30 days advance notice; and 3) Northcoast will provide service to subscribers that has been paid for in advance.

For the foregoing reasons grants of these applications will fully comply with **all** Commission rules, will serve the public interest and will not raise any competitive issues.