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LATHAM & WATKINS LLP

January 31, 2007

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Wireline Competition Bureau – CPD – 214 Appls.
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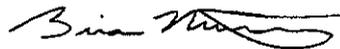
RE: **Application of Verizon New England, Inc., NYNEX Long Distance Company, Bell Atlantic Communications, Inc., Verizon Select Services Inc., Verizon Communications Inc., and Northern New England Spinco Inc., Transferors, and FairPoint Communications, Inc., Transferee, For Consent to Transfer Certain Assets and Long-Distance Customer Relationships in the States of Maine, New Hampshire, and Vermont**

Dear Sir/Madam:

Enclosed, please find an original and four copies of the Domestic Application for Consent to Transfer Control submitted by the above-referenced parties. Included in this package are a completed FCC Form 159 and a check in the amount of \$965.00 to cover the filing fee payment for this Application.

Please stamp and return the extra copy in the enclosed, self-addressed envelope. Should you have any questions concerning this submission, kindly contact the undersigned.

Sincerely,



Brian W. Murray
of LATHAM & WATKINS LLP

Enclosures

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

Application of

Verizon New England Inc., NYNEX Long Distance Company, Bell Atlantic Communications, Inc., Verizon Select Services Inc., Verizon Communications Inc., and Northern New England Spinco Inc.,

Transferors,

and

FairPoint Communications, Inc.,

Transferee,

For Consent to Transfer Certain Assets and Long-Distance Customer Relationships in the States of Maine, New Hampshire, and Vermont

WC Docket No. _____

CONSOLIDATED APPLICATION FOR CONSENT TO TRANSFER ASSETS

Pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"), 47 U.S.C. § 214, and Section 63.04 of the Commission's rules, 47 C.F.R. § 63.04, Verizon New England Inc. ("Verizon New England"), NYNEX Long Distance Company ("NYNEX Long Distance"), Bell Atlantic Communications, Inc. ("BACI"), Verizon Select Services Inc. ("VSSI"), Verizon Communications Inc. ("Verizon Communications"), and Northern New England Spinco Inc. ("Spinco") (collectively, "Verizon" or "Transferors"), and FairPoint Communications, Inc. ("FairPoint" or "Transferee," and together with Transferors, "the

Applicants”), hereby apply for the Commission’s approval to assign certain authorizations in connection with a transfer of (1) certain assets and customer relationships related to the provision of local exchange and exchange access services in Maine, New Hampshire, and Vermont, and (2) certain domestic long-distance customer relationships in Maine, New Hampshire, and Vermont.¹ FairPoint, the proposed transferee, provides telecommunications and broadband services through its wholly-owned operating companies in rural and small urban areas in eighteen states.

The proposed transaction involves a series of *pro forma* internal reorganizations within Verizon, followed by a pro rata distribution of the common stock of Spinco to Verizon Communications’ shareholders. Immediately after this distribution, Spinco will merge with and into FairPoint, resulting in a transfer of control of Spinco’s subsidiaries. It is the assignment of certain authorizations in connection with that transfer to which the Applicants seek the Commission’s consent. First, Verizon New England will transfer the local exchange assets and customer relationships and long-distance customer relationships related to its Maine, New Hampshire, and Vermont operations to Northern New England Telephone Operations Inc. (“Telco”). After several *pro forma* steps, Telco will be a wholly-owned subsidiary of Spinco, which is an intermediate holding company wholly owned by Verizon Communications. In

¹ This Application is limited to the assignment of certain authorizations in connection with the transfer of assets and customer relationships related to domestic interstate telecommunications services provided in Maine, New Hampshire, and Vermont. As noted below, the Applicants are separately seeking Commission consent to the assignment of one international section 214 authorization currently held by Verizon New England; the partial assignment of certain authorizations in connection with the transfer of international customer relationships currently held by NYNEX Long Distance, BACI, and VSSI; and the assignment of various wireless licenses. The transaction does not involve any of the wireless assets, Section 214 authorizations, or Title III licenses that are held by Cellco Partnership d/b/a Verizon Wireless (“Verizon Wireless”).

addition, NYNEX Long Distance, BACI, and VSSI, through a series of *pro forma* steps, will transfer certain long-distance customer relationships in the same three states to Enhanced Communications of Northern New England Inc. ("Newco"), another wholly-owned subsidiary of Spinco. Verizon Communications will then distribute the stock of Spinco directly to its shareholders, such that Spinco, Telco, and Newco will no longer be subsidiaries of Verizon Communications.

Immediately following the above-described distribution of the Spinco stock to the Verizon Communications shareholders, Spinco will be merged with and into FairPoint, which will continue as the surviving entity. As a result of this merger, Telco and Newco will become wholly-owned subsidiaries of FairPoint. Current FairPoint management will manage and control the day-to-day operations of FairPoint following consummation of the proposed transaction.²

The proposed transaction will have no adverse effect on the rates, terms, or conditions of service provided to customers in Maine, New Hampshire, and Vermont. None of the local exchanges being acquired by FairPoint from Verizon New England overlap with any of the local exchanges already served by FairPoint. The transaction will be largely transparent to current customers in these states, who generally will continue to receive the same services on the same

² As of the closing, the shareholders of Verizon Communications will own approximately 60 percent of FairPoint, and the shareholders of FairPoint will own approximately 40 percent of FairPoint. Verizon Communications will designate up to six of the nine initial directors of FairPoint upon completion of the merger. None of the Verizon Communications nominees may be employees of Verizon Communications, affiliates of Verizon Communications or Verizon Wireless, or any of the subsidiaries of Verizon Wireless. Under Commission precedent, this will not constitute a substantial change of control of FairPoint. *See, e.g., Applications of Metromedia, Inc. for Consent to the Transfer of Corporate Control from John W. Kluge (De Facto Control) to John W. Kluge (De Jure Control)*, Memorandum Opinion and Order, 98 F.C.C.2d 300 ¶ 9 (1984) (concluding that a substantial transfer did not occur where 50 percent of a corporation's stock was transferred but de facto control did not change).

terms. Further, the Applicants do not anticipate that any existing service will be discontinued, reduced, impaired, or interrupted as a result of the proposed transaction.³

In accordance with the requirements of Section 63.04, the Applicants provide the following information:

(1) Name, address, and telephone number of each applicant.

Transferor:

Verizon New England Inc. ("Verizon New England")
185 Franklin Street
Boston, MA 02110
(617) 743-9800

NYNEX Long Distance Company ("NYNEX Long Distance")
1320 North Court House Road
Arlington, VA 22201
(703) 526-3377

Bell Atlantic Communications, Inc. ("BACI")
1320 North Court House Road
Arlington, VA 22201
(703) 526-3377

Verizon Select Services Inc. ("VSSI")
6665 N. MacArthur Boulevard
Irving, TX 75039
(813) 483-2615

Verizon Communications Inc. ("Verizon Communications")
140 West Street
New York, NY 10007
(212) 395-1000

Northern New England Spinco Inc. ("Spinco")
One Verizon Way
Basking Ridge, NJ 07920
(908) 559-5713

³ Although Verizon will be discontinuing some services, FairPoint will be providing these types of services to customers in these exchanges.

Transferee:

FairPoint Communications, Inc. ("FairPoint")
521 E. Morehead Street, Suite 250
Charlotte, NC 28202
(704) 344-8150

(2) State under which the laws of which each applicant is organized.

Verizon New England is a corporation organized under the laws of the State of New York. NYNEX Long Distance, BACI, VSSI, Verizon Communications, and Spinco are corporations organized under the laws of the State of Delaware.

FairPoint is a corporation organized under the laws of the State of Delaware.

(3) Legal counsel to whom correspondence concerning the application is to be addressed.

For Transferors:

Michael Glover
Karen Zacharia
Leslie Owsley
Verizon
1515 North Court House Road
Suite 500
Arlington, VA 22201
(703) 351-3193

With a copy to:

Nancy J. Victory
Wiley Rein & Fielding LLP
1776 K Street, N.W.
Washington, DC 20006
(202) 719-7344⁴

⁴ As of February 1, 2007, Wiley Rein & Fielding LLP will change its name to Wiley Rein LLP. The firm's address and phone number will remain the same.

For Transferee:

Shirley J. Linn
Executive Vice President and General Counsel
FairPoint Communications, Inc.
521 E. Morehead Street, Suite 250
Charlotte, NC 28202
(704) 344-8150

With a copy to:

Karen Brinkmann
Brian W. Murray
Latham & Watkins LLP
555 Eleventh Street, N.W.
Suite 1000
Washington, DC 20002
(202) 637-2200

(4) Name, address, citizenship, and principal business of entities that own at least 10 percent of the equity of the applicants.

For Transferors:

Verizon New England is a direct, wholly-owned subsidiary of NYNEX Corporation, which in turn is a direct, wholly-owned subsidiary of Verizon Communications. Verizon New England is a telecommunications carrier organized under the laws of the State of New York, and has its principal office located at 185 Franklin Street, Boston, Massachusetts 02110. NYNEX Corporation is a holding company organized under the laws of the State of Delaware, and has its principal office located at 140 West Street, New York, New York 10007.

NYNEX Long Distance is a direct, wholly-owned subsidiary of Bell Atlantic Worldwide Services Group, Inc. ("Bell Atlantic Worldwide"), which in turn is a direct, wholly-owned subsidiary of NYNEX Corporation. NYNEX Long Distance is a telecommunications carrier organized under the laws of the State of Delaware, and has its

principal office located at 1320 North Court House Road, Arlington, Virginia 22201.

Bell Atlantic Worldwide is a holding company organized under the laws of the State of Delaware, and has its principal office located at 140 West Street, New York, New York 10007.

BACI is a direct, wholly-owned subsidiary of Verizon Communications. BACI is a telecommunications carrier organized under the laws of the State of Delaware, and has its principal office located at 1320 North Court House Road, Arlington, Virginia 22201.

VSSI is a wholly-owned subsidiary of GTE Corporation. More than 92 percent of GTE Corporation is owned directly by Verizon Communications; the remainder is owned indirectly by Verizon Communications. VSSI is a telecommunications carrier organized under the laws of the State of Delaware, and has its principal office located at 6665 N. MacArthur Boulevard, Irving, Texas 75039. GTE Corporation is a holding company organized under the laws of the State of New York, and has its principal office located at 140 West Street, New York, New York 10007.

Verizon Communications is a publicly-traded company. No person or entity owns 10 percent or more of the equity in Verizon Communications. Verizon Communications is organized under the laws of the State of Delaware, and has its principal office located at 140 West Street, New York, New York 10007. Verizon Communications is a holding company that owns operating subsidiaries that provide a range of communications services in the United States and throughout the world. The company's operating subsidiaries offer local telephone service, as well as broadband, nationwide long-distance, high-capacity connections, video, and other services. Verizon Communications owns, operates, monitors, and maintains extensive communications

networks, with facilities in countries and cities throughout North America, Latin America, Europe, Africa, and the Asia-Pacific region. Further, Verizon Communications is a majority owner of Celco Partnership d/b/a Verizon Wireless, which serves approximately 56 million wireless voice and data subscribers across the United States.

Spinco is a direct, wholly-owned subsidiary of Verizon Communications. However, immediately prior to its merger with and into FairPoint, the Spinco stock will be distributed to the public shareholders of Verizon Communications. Spinco is organized under the laws of the State of Delaware, and has its principal office located at One Verizon Way, Basking Ridge, New Jersey 07920. At the time of the closing of this transaction, Spinco will be a holding company of Telco and Newco, which are also organized under the laws of the State of Delaware. Telco will be the transferee of the local exchange assets and customer relationships and certain long-distance customer relationships currently held by Verizon New England in Maine, New Hampshire, and Vermont. Newco will be the transferee of certain long-distance customer relationships currently held by NYNEX Long Distance, BACI, and VSSI.

For Transferee:

FairPoint is a publicly-traded company. As of September 30, 2006, two United States-based investment firms each owned 10 percent or more of FairPoint's equity. Thomas H. Lee Equity Fund IV, L.P., a Delaware limited partnership with its principal office located at 100 Federal Street, 35th Floor, Boston, Massachusetts 02110, and its affiliates own 11.58 percent of the equity in FairPoint. Wellington Management Company, L.L.P., a Massachusetts limited liability partnership with its principal office located at 75 State Street, Boston, Massachusetts 02109, and its affiliates own 10.82

percent of the equity in FairPoint. Following the consummation of the proposed transaction, no entity is expected to own 10 percent or more of the equity of FairPoint.

FairPoint is organized under the laws of the State of Delaware, and has its principal office located at 521 E. Morehead Street, Suite 250, Charlotte, North Carolina 28202.

(5) Certification pursuant to sections 1.2001 through 1.2003 of the Commission's rules that no party to the application is subject to a denial of Federal benefits.

By their signatures below, the Applicants certify that no party to this Application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

(6) Description of the transaction.

On January 15, 2007, FairPoint entered into an Agreement and Plan of Merger (the "Merger Agreement") with Spinco and Verizon Communications. The proposed transaction consists of two distinct but immediately sequential parts. *First*, the Transferors will undertake an internal reorganization consisting of the following *pro forma* transactions:

- Verizon New England will transfer certain assets, liabilities, and customer relationships relating to its local exchange and long-distance operations in Maine, New Hampshire, and Vermont to Telco, a subsidiary of Verizon New England;
- NYNEX Long Distance, BACI, and VSSI will transfer certain accounts receivable, liabilities, and customer relationships relating to their long-distance operations in Maine, New Hampshire, and Vermont to Newco, a direct, wholly-owned subsidiary of Spinco, through a series of intermediate transfers;⁵

⁵ Also, Verizon Internet Services Inc., d/b/a Verizon On-Line, will transfer certain non-regulated customer relationships to Newco.

- Verizon New England will transfer the stock in Telco to Spinco through a series of intermediate transfers, such that Telco will become a direct, wholly-owned subsidiary of Spinco;⁶ and
- Verizon Communications will then distribute the stock of Spinco directly to the shareholders of Verizon Communications, such that Spinco (and therefore Telco and Newco) no longer will be subsidiaries of Verizon Communications.

All of the above transactions constitute *pro forma* transfers of control or assignments under the Commission's rules.⁷

Second, immediately following these *pro forma* transactions, Spinco will be merged with and into FairPoint, resulting in a transfer of control of Telco and Newco and the transfer of assets; the Applicants seek the Commission's consent to the assignment of certain authorizations in connection with these transfers. FairPoint will be the surviving company (under its existing name), and will own all of the stock of Telco and Newco. Following the merger, no one entity is expected to hold 10 percent or more of FairPoint's stock. Current FairPoint management will manage the transferred assets and customer relationships, and will control the day-to-day operations of FairPoint's operating subsidiaries, including Telco and Newco, following consummation of the proposed

⁶ Pursuant to the Merger Agreement and the Distribution Agreement between Verizon Communications and Spinco dated January 15, 2007, the transaction may be accomplished by having Verizon New England create a new Spinco as a direct subsidiary of it, rather than of Verizon Communications, and that new company would ultimately merge with FairPoint. In that event, (i) Verizon New England would transfer the assets, liabilities, and customer relationships at issue to Telco, which would be established as a Delaware limited liability company rather than as a Delaware corporation, (ii) Verizon New England would transfer its membership interest in Telco directly to Spinco, and (iii) Verizon New England would then transfer the stock of Spinco, through an intermediate step, to Verizon Communications. Under either alternative, Telco will be a wholly-owned subsidiary of Spinco, and Spinco will be a wholly-owned subsidiary of Verizon Communications just prior to the distribution of the Spinco stock to Verizon Communications' shareholders.

⁷ See 47 C.F.R. § 63.24(d).

transaction. A corporate organizational chart depicting the proposed transaction is attached as Attachment A.

(7) Description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area.

Verizon New England provides local exchange service and exchange access service to approximately 1.5 million access lines in 352 exchanges in Maine, New Hampshire, and Vermont.⁸ The affected exchanges are listed in Attachment B. Verizon New England, NYNEX Long Distance, BACI, and VSSI provide domestic interexchange and international services in Maine, New Hampshire, and Vermont, as well as in other areas of the United States. Verizon Communications is a holding company that owns operating subsidiaries that offer local telephone service, as well as broadband, nationwide long distance, high-capacity connections, wireless and other services in domestic telecommunications markets throughout the United States. Spinco is a newly formed holding company that was established for the sole purpose of owning Telco and Newco.

FairPoint, through its local exchange carrier operating subsidiaries, provides wireline local exchange service and exchange access service to approximately 308,000 access line equivalents (as of September 30, 2006) in eighteen states, including Maine, New Hampshire, and Vermont.⁹ FairPoint does not provide any local exchange service

⁸ The assets related to those operations will be transferred to Telco, which will be wholly owned by Spinco. In addition, Verizon New England provides local exchange and exchange access services in Massachusetts and Rhode Island.

⁹ In addition to these three states, FairPoint currently owns and operates companies that provide telecommunications services in Alabama, Colorado, Florida, Georgia, Idaho, Illinois, Kansas, Massachusetts, Missouri, New York, Ohio, Oklahoma, Pennsylvania, Virginia, and Washington.

in the exchanges in which Verizon currently operates in these three states. FairPoint's interexchange carrier subsidiaries provide domestic and international long-distance toll services in eighteen states, including Maine, New Hampshire, and Vermont. Following consummation of the proposed transaction, FairPoint will provide the same telecommunications services that the Transferors currently provide in the transferred exchanges in Maine, New Hampshire, and Vermont.

(8) Statement on how the application fits into one or more of the presumptive streamlined categories or why it is otherwise appropriate for streamlined treatment.

As noted above, the proposed transaction consists of two parts: an internal reorganization consisting of a series of *pro forma* steps by the Transferors, immediately followed by the merger of Spinco with and into FairPoint. This Application, which requests Commission consent to the assignment of certain authorizations in connection with the merger of Spinco and FairPoint, is eligible for presumptive streamlined treatment under Section 63.03(b)(1)(iii) of the Commission's rules. Moreover, the Commission has adopted a "general rule in which all applications are eligible for streamlined processing."¹⁰ This Application is also appropriate for streamlined treatment under the Commission's general rule.

Under Section 63.03(b)(1)(iii), the Commission's streamlined procedures are presumed to apply to an application concerning a transaction that "involves only the transfer of the local exchange assets of an incumbent LEC by means other than an

¹⁰ *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, Report and Order, 17 FCC Rcd 5517 ¶ 34 (2002) ("*Streamlining Order*").

acquisition of corporate control.”¹¹ The Commission has observed that such transactions, which “often involve[] the sale of rural exchanges from larger incumbent LECs to smaller incumbent LECs that specialize in providing service in rural areas,” do “not raise public interest issues” and “are unlikely to raise the potential of competitive harm.”¹² Thus, where such transactions “do not result in a loss of service,” the Commission has concluded that they are presumptively entitled to streamlined treatment.¹³

The proposed transaction falls within this “presumptive” category. As described above, in the proposed transaction, FairPoint will acquire local exchange assets from incumbent local exchange carrier Verizon New England in Maine, New Hampshire, and Vermont. FairPoint is an independent incumbent local exchange carrier with fewer than two percent of the nation’s subscriber lines. Spinco, if treated as a standalone company for purposes of this analysis, also would qualify as a two-percent carrier. Combined, the two companies will continue to fall below this two-percent threshold. Consistent with the Commission’s past observation, this transaction thus is a transfer of assets from a larger incumbent LEC to a much smaller incumbent LEC, FairPoint, which specializes in service to rural and small urban customers. While the Applicants seek approval of Spinco’s merger with and into FairPoint, Spinco is being created solely for the purpose of completing this transaction. Control of Verizon New England will not change. Verizon New England will continue to provide local exchange service in other states. No customers will experience any loss or interruption of service. Accordingly, the

¹¹ 47 C.F.R. § 63.03(b)(1)(iii).

¹² *Streamlining Order* ¶ 33.

¹³ *Id.* ¶ 64.

Application is presumptively eligible for streamlined processing under Section 63.03(b)(1)(iii) of the Commission's rules.

In addition, streamlined treatment is appropriate under the Commission's "case-by-case approach."¹⁴ As noted above, the Commission has adopted a "general rule in which all applications are eligible for streamlined processing."¹⁵ This Application involves a transfer of assets that presents no "novel questions of fact, law, or policy which cannot be resolved under outstanding precedents and guidelines."¹⁶ As noted above (and discussed more fully below), this Application presents no competitive concerns and is in the public interest. Upon completion of the proposed transaction, FairPoint will continue to provide service pursuant to substantially the same rates, terms, and conditions as the Transferors in the transferred exchanges in Maine, New Hampshire, and Vermont. Thus, no customer will lose service or be adversely affected as a result of the proposed transaction.

Streamlined processing of this Application will not disrupt the Commission's review of the related applications that the Applicants are filing separately. Specifically, the related applications for consent to the assignment of an international section 214 authorization and the partial assignment of certain authorizations in connection with the transfer of international customer relationships qualify for streamlined processing,¹⁷ and

¹⁴ *Id.* ¶ 34; *see also* 47 C.F.R. § 63.03(a) (permitting streamlining "[u]pon determination . . . that the application is appropriate for streamlined treatment").

¹⁵ *Streamlining Order* ¶ 34.

¹⁶ *Id.* ¶ 28.

¹⁷ The Applicants will separately file an application to assign to Telco an international section 214 authorization currently held by Verizon New England, for facilities-based service

the application to assign certain wireless authorizations used exclusively to support the wireline operations are subject to the Commission's expedited approval processes.¹⁸

FairPoint intends to request a routine waiver of the Commission's "all or nothing" rule to allow the local exchanges acquired from the Transferors to continue operating under price cap regulation at the interstate level, while FairPoint's other local exchange operations remain under rate-of-return regulation.¹⁹ However, the streamlined review process would not "jeopardize the appropriate waiver analysis" applicable to that petition.²⁰ The issues presented by that request are straightforward and need not delay consideration of this Application, as the Commission's past orders granting such waivers

between Maine's Lubec exchange and Campobello Island in Canada. *See* File No. ITC-214-20030516-00243 (granted Oct. 2, 2003). The Applicants will also separately file applications to partially assign to Newco certain authorizations relating to international customer relationships currently held by NYNEX Long Distance, BACI, and VSSI. All of these applications qualify for streamlining under Section 63.12 of the Commission's rules, 47 C.F.R. § 63.12. As explained in those applications, none of the assignors or assignees is a foreign carrier. As of the date of this Application, the assignors and assignees are affiliated with foreign carriers in several countries, and the affiliated carriers in two of those countries—Gibraltar and Venezuela—are presumed by the Commission to possess market power on the foreign end of their respective routes. As described above, however, prior to the merger, the stock of the direct parent of the assignees, Spinco, will be distributed to the Verizon Communications shareholders. At that time, Telco and Newco will no longer be affiliated with any foreign carrier.

¹⁸ The Applicants expect that their application to assign certain Title III licenses associated with the transferred exchanges will qualify for expedited processing under the Commission's rules.

¹⁹ 47 C.F.R. §§ 61.41(b), (c)(2). The Commission has stated that "until such time as the all-or-nothing rule may be further revised, carriers can continue to petition for waiver of the all-or-nothing rule so that they may operate affiliates under both rate-of-return and price cap regulation." *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, Report and Order and Second Further Notice of Proposed Rulemaking, 19 FCC Rcd 4122 ¶ 10 n.40 (2004). The acquired exchanges are subject to different forms of intrastate regulation.

²⁰ *Streamlining Order* ¶ 56.

demonstrate.²¹ Accordingly, the Commission's consideration of FairPoint's forthcoming waiver request will not interfere with the streamlining process.

(9) Identification of all other Commission applications related to the same transaction.

The Applicants are separately filing applications seeking approval of the assignment of an international section 214 authorization, the partial assignment of certain authorizations in connection with the transfer of international customer relationships, and the assignment of various Title III licenses.

(10) Statement whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure.

The Applicants are not requesting special consideration of this Application.

(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction.

As noted above, FairPoint separately will request that the Commission waive the "all or nothing" rule, 47 C.F.R. §§ 61.41(b), (c)(2).

(12) A statement showing how grant of the application will serve the public interest, convenience, and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets.

The proposed transaction will serve the public interest because it will provide a range of benefits to customers in Maine, New Hampshire, and Vermont without any countervailing harms. As noted above, the Commission has observed that asset sales by which smaller carriers acquire local exchanges from larger incumbent carriers generally "d[o] not raise public interest issues" and "are unlikely to raise the potential of

²¹ See, e.g., *Valor Communications Group, Inc. Petition for Waiver*, DA 06-240, WCB/Pricing No. 05-37, ¶ 1 & n.3 (rel. Jan. 31, 2006) (granting petition for waiver of Section 61.41 after the January 25, 2006 grant of the underlying application for transfer of control).

competitive harm.”²² Thus, the Commission historically has not conducted an extensive merger review for such transactions, presuming that it “will rarely be required to conduct such an analysis for 2% mid-sized companies,”²³ such as FairPoint. The transaction proposed in this Application presents no reason to depart from this established practice.

The Transferee, FairPoint Communications, Inc., is an experienced and respected provider of telecommunications services to rural and small urban areas, with a particular emphasis on the provision of broadband services. Incorporated in 1991, FairPoint currently owns and operates thirty-one local exchange companies across the country, through which it serves approximately 308,000 access line equivalents in eighteen states (as of September 30, 2006). FairPoint has long-term experience in the telecommunications industry. In fact, FairPoint has been acquiring telecommunications companies since 1993, and many of the companies it has acquired have been in operation for more than 75 years. FairPoint thus combines a strong knowledge of consumers’ needs with substantial experience in meeting them, enabling it to operate efficiently and to provide high-quality services, including innovative broadband services, to rural and small urban areas. The Commission has recently reviewed FairPoint’s qualifications and approved its acquisition of assets and control of authorizations from other telecommunications providers.²⁴

²² *Streamlining Order* ¶ 33.

²³ *Petition for Forbearance of the Independent Telephone & Telecommunications Alliance*, Third Memorandum Opinion and Order, 14 FCC Rcd 11364 ¶ 19 (1999).

²⁴ *See, e.g., Notice of Domestic Section 214 Authorization Granted*, Public Notice, DA 06-2267, WC Docket No. 06-177 (rel. Nov. 2, 2006) (granting Domestic Section 214 Application Filed for Transfer of Control of The Germantown Independent Telephone Company to MJD Ventures, Inc.); *Cass County Telephone Company, Limited Partnership, and LEC Long*

FairPoint is committed to the success of the local, long-distance, and broadband businesses that it proposes to acquire from the Transferors in Maine, New Hampshire, and Vermont. FairPoint already serves approximately 64,000 access lines in these three states. FairPoint's dedication to serving its Maine, New Hampshire, and Vermont markets, combined with its experience as a rural and small urban communications provider, will enhance service quality and promote competition in these markets in a number of ways. FairPoint already provides many high-quality services, including local and long-distance phone services, as well as dial-up and digital subscriber line ("DSL") Internet access to residential and business customers; it also offers Web hosting, domain name registration, and hosted e-mail services. FairPoint will invest capital to make these services available to a wider range of customers in the region.

FairPoint's current broadband service is available, on average, to approximately 88 percent of access lines served by FairPoint's local exchange networks. FairPoint plans to increase broadband availability from current levels in Maine, New Hampshire, and Vermont within twelve months after the completion of the merger by expanding investment and offering quality broadband-based services. This ultimately will bring

Distance, Inc. d/b/a CassTel Long Distance, Transferors, and FairPoint Communications, Inc., FairPoint Communications Missouri, Inc., and ST Long Distance Inc., d/b/a FairPoint Communications Long Distance, Transferees, Application for Authorization Pursuant to Section 214 of the Communications Act of 1934, as Amended, for Transfer of Control of Blanket Domestic Section 214 Authority and Certain Telecommunications Assets, Order, WC Docket No. 06-64 (rel. July 20, 2006); Wireline Competition Bureau Grants Consent for Transfer of Control of BE Mobile Communications, Incorporated, and Bentleyville Communications Corporation, to FairPoint Communications, Inc., and MJD Ventures, Inc., Public Notice, DA 05-2231, WC Docket No. 05-215 (rel. Aug. 1, 2005); Wireline Competition Bureau Grants Consent for Transfer of Control of Berkshire Telephone Company to FairPoint Communications, Inc., Public Notice, DA 05-1095, WC Docket No. 03-184 (rel. Apr. 15, 2005).

broadband penetration in the Verizon areas in line with the high levels that FairPoint has generally achieved throughout its service areas.

Moreover, the proposed transaction will further enhance FairPoint's ability to serve customers in these states by improving its overall financial flexibility and stability. Among other things, the transaction will provide FairPoint with improved access to and a lower cost of capital, making more cash available for discretionary capital expenditures as FairPoint upgrades its newly acquired facilities as well as its legacy properties.

Furthermore, the proposed transaction will enable FairPoint to make other direct contributions to the public interest in this region. FairPoint is committed to maintaining jobs, working with the unions in a collaborative fashion, and continuing to honor Verizon's existing collective bargaining agreements; Verizon will retain the obligation to provide retirement benefits for its former, retired employees. FairPoint anticipates that it will preserve 3,000 jobs and create over 600 new positions in the region. FairPoint also anticipates that it will establish three new local service centers (a network operations center, an information systems center, and an administrative center) in order to focus on the particular needs of customers in Maine, New Hampshire, and Vermont. And FairPoint is committed to maintaining its already strong and constructive relationship with regulators to ensure that it continues to satisfy the needs of its customers as well as its other regulatory responsibilities.

In addition to providing these benefits, the proposed transaction will not cause any harm. The transaction will not undermine the competitive environment in this region. Because FairPoint and Verizon currently do not compete for local exchange customers in any of the affected exchanges, the proposed transaction will not reduce the

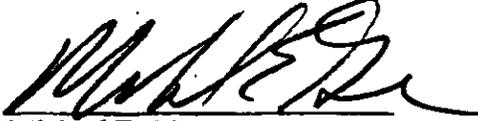
number of competitors in the local exchange market in these states. Moreover, the proposed transaction will not adversely affect the service provided to customers in these exchanges in Maine, New Hampshire, and Vermont. As discussed, FairPoint will continue to provide local exchange and domestic interstate interexchange services after the closing of the transaction without reduction, impairment, or discontinuance of service to any customer. In fact, the proposed transaction will be largely transparent to Verizon's current customers in these states.

FairPoint proposes to assume all of the rights and obligations of Verizon in Maine, New Hampshire, and Vermont. For example, FairPoint anticipates that existing wholesale arrangements will remain largely the same as a result of this transaction. Telco will assume those interconnection agreements between Verizon New England and other carriers that relate to service wholly within Maine, New Hampshire, and Vermont. Interconnection agreements of Verizon New England relating in part to service outside of those states will need to be modified to apply to Telco and the other party in Maine, New Hampshire, and/or Vermont only, or those agreements will be replicated by Telco with respect to one or more of the three states, following discussion with and required notice to the affected parties and state commissions, as appropriate. In the latter cases, however, FairPoint stands ready to put in place new interconnection agreements on substantially the same terms and conditions, so as not to disrupt existing arrangements.

Payment in the amount of \$965.00, along with FCC Form 159, was transmitted to the Federal Communications Commission, Wireline Competition Services CPD214Appls., P.O. Box 358145, Pittsburgh, PA 15251-5145 for delivery this date.

An original and 5 copies of this Application are enclosed for filing. To acknowledge receipt, please stamp and return one copy of this Application enclosed for that purpose. Please contact the undersigned with any inquiries concerning this Application.

Respectfully submitted,



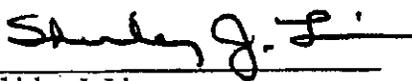
Michael E. Glover
Senior Vice President and
Deputy General Counsel
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1515 North Court House Road
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Shirley J. Linn
Executive Vice President and
General Counsel
FairPoint Communications, Inc.
521 E. Morehead Street
Suite 250
Charlotte, NC 28202
(704) 344-8150

Dated: January 31, 2007

Respectfully submitted,

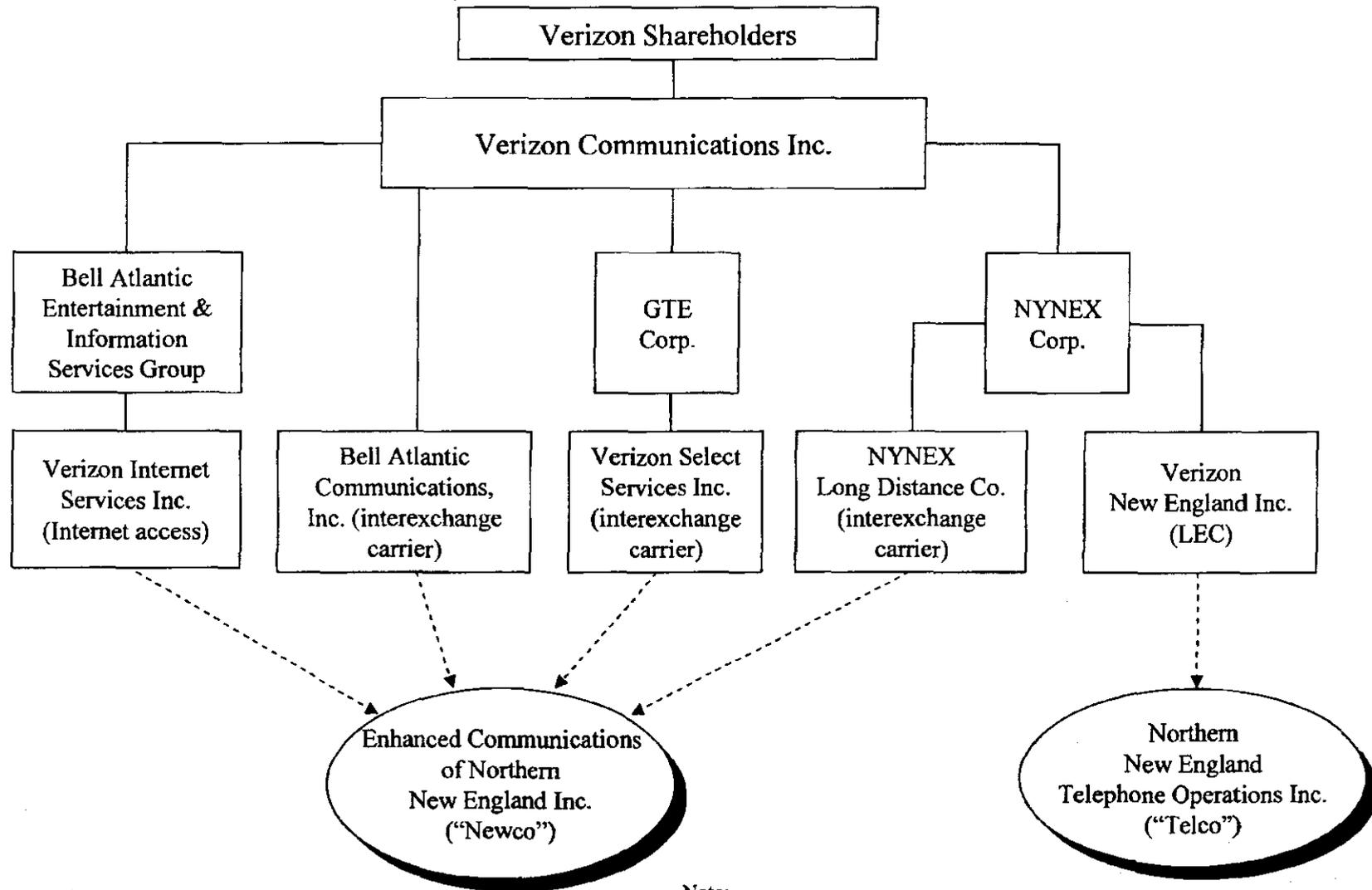
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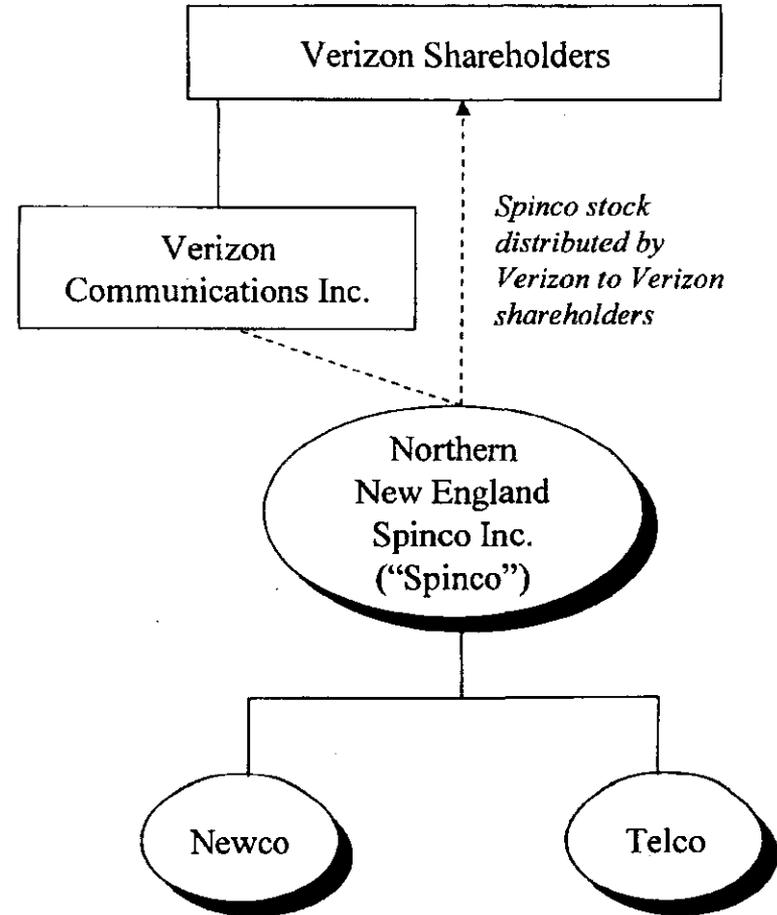
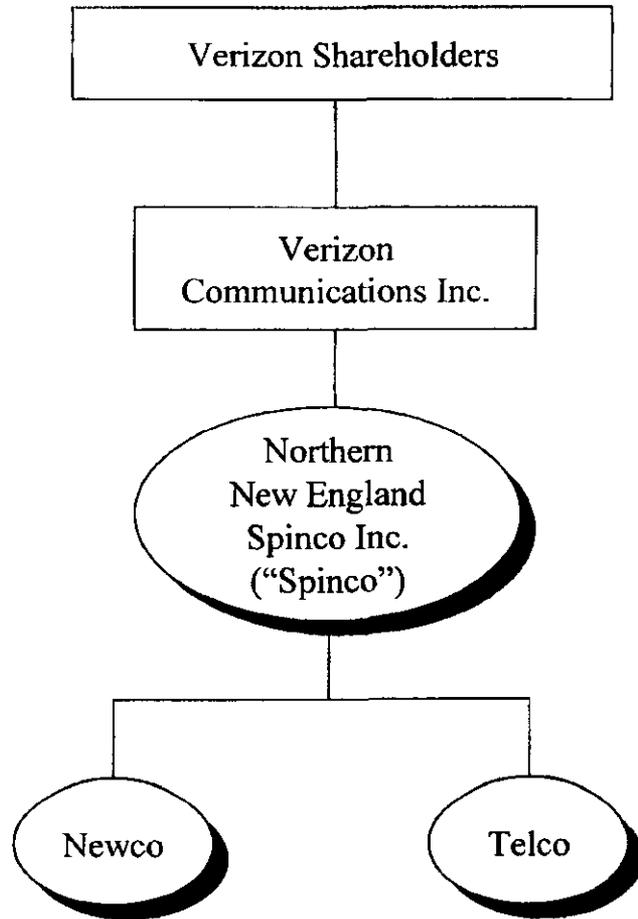
Transferor's Pre-Merger Corporate Structure



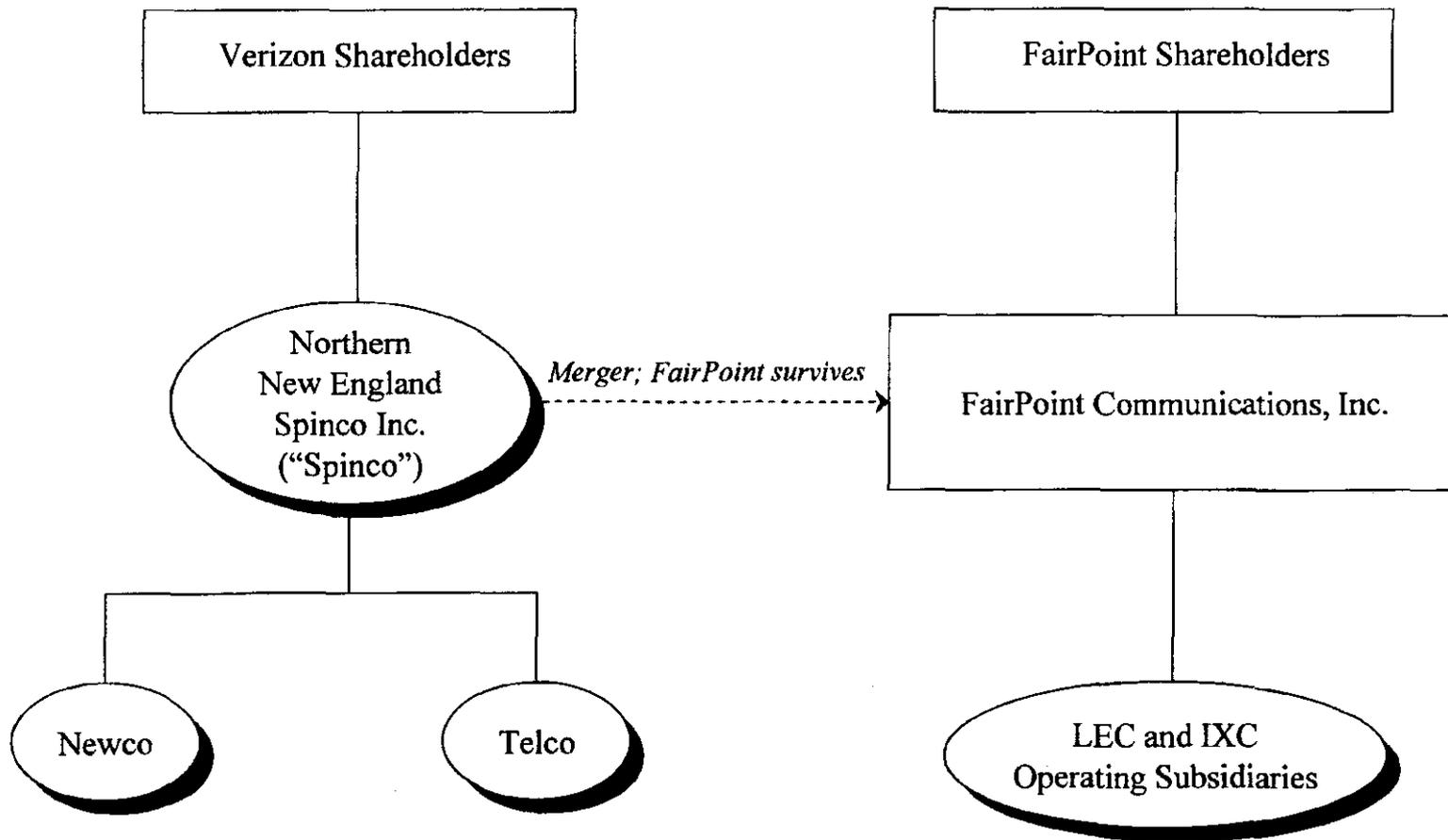
Note:

Verizon Communications directly owns more than 92% of GTE Corp., and indirectly owns the remainder. All other ownership interests depicted are 100%.

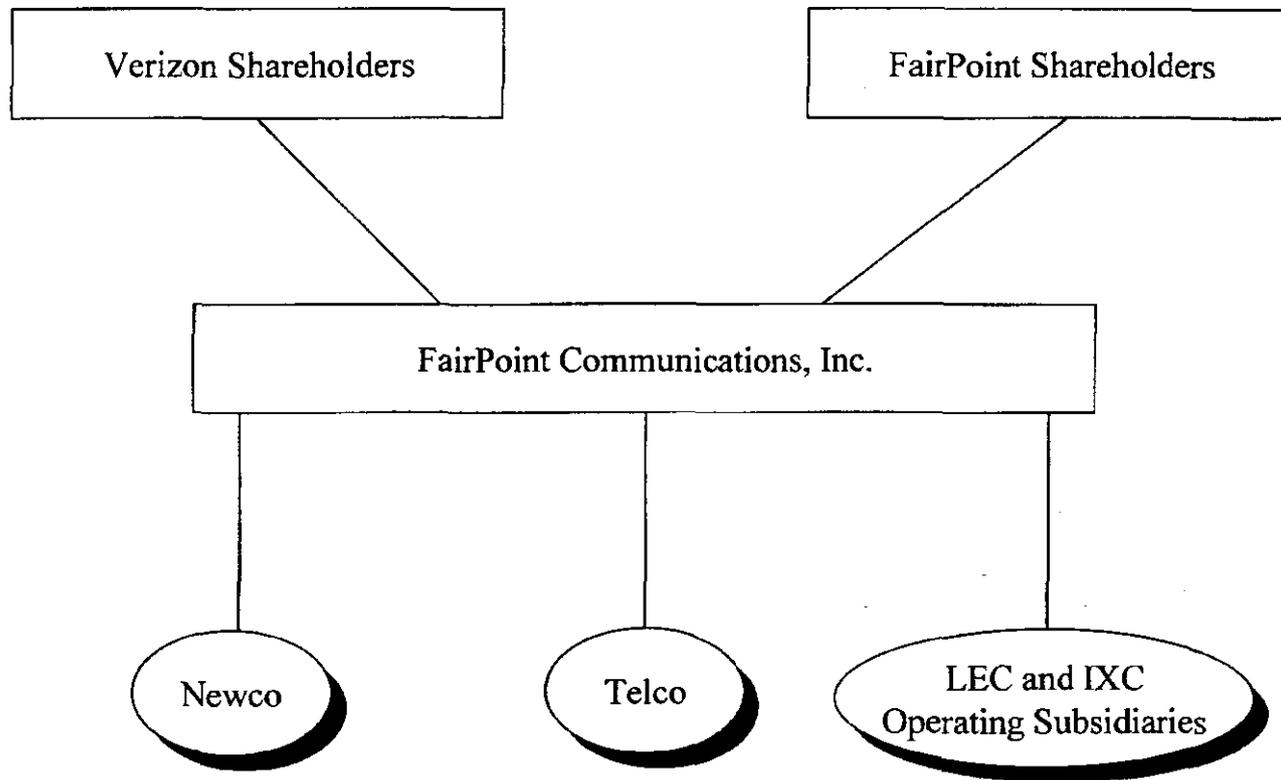
Creation and Spin-Off of Spinco



Merger of Spinco and Transferee



Transferee's Post-Transaction Corporate Structure



Maine - New Hampshire - Vermont Exchange List

(FairPoint/Verizon Domestic 214 Application -- Attachment B)

ME Exchanges	
1	Acton Locality
2	Ashland
3	Augusta
4	Bangor
5	Bar Harbor
6	Bath
7	Belfast
8	Belgrade
9	Berwick Locality
10	Biddeford
11	Bingham
12	Blue Hill
13	Boothbay Harbor
14	Bowdoinham
15	Bradford
16	Bridgton
17	Brownville
18	Brunswick
19	Bucksport
20	Calais
21	Camden
22	Caribou
23	Castine
24	Clinton
25	Columbia
26	Corinth
27	Cornish
28	Cumberland
29	Danforth
30	Dark Harbor
31	Deer Isle
32	Dexter
33	Dixfield
34	Dover-Foxcroft
35	East Millinocket
36	Easton
37	Eastport
38	Eddington
39	Eliot Locality
40	Ellsworth
41	Fairfield
42	Farmington
43	Fort Fairfield

NH Exchanges	
1	Alstead
2	Ashland
3	Barrington
4	Bartlett
5	Bedford
6	Belmont
7	Berlin
8	Bethlehem
9	Bristol
10	Campton
11	Canaan
12	Candia
13	Canterbury
14	Center Harbor
15	Center Ossipee
16	Center Sandwich
17	Charlestown
18	Claremont
19	Colebrook
20	Concord
21	Conway
22	Danbury
23	Deerfield
24	Derry
25	Dover
26	Dublin
27	Durham
28	Enfield
29	Epping
30	Epsom
31	Errol
32	Exeter
33	Farmington
34	Fitzwilliam
35	Franconia
36	Franklin
37	Goffstown
38	Gorham
39	Greenfield
40	Greenville
41	Groveton
42	Hampstead
43	Hampton

VT Exchanges	
1	Albany
2	Arlington
3	Barnet
4	Barre
5	Barton
6	Bellows Falls
7	Bennington
8	Bethel
9	Bloomfield Locality
10	Bradford
11	Brandon
12	Brattleboro
13	Brookfield
14	Burlington
15	Canaan Locality
16	Castleton
17	Chelsea
18	Concord
19	Craftsbury
20	Danville
21	Derby
22	Derby Line
23	Dorset
24	East Calais
25	East Fairfield
26	Enosburg Falls
27	Essex Junction
28	Fairfax
29	Fair Haven
30	Fairlee
31	Grand Isle
32	Greensboro
33	Guildhall Locality
34	Hardwick
35	Island Pond
36	Jacksonville
37	Jamaica
38	Jeffersonville
39	Johnson
40	Lemington Locality
41	Lunenburg
42	Lyndonville
43	Maidstone Locality

Maine - New Hampshire - Vermont Exchange List

(FairPoint/Verizon Domestic 214 Application -- Attachment B)

ME Exchanges	
44	Franklin
45	Freeport
46	Frenchville
47	Gardiner
48	Goodwin's Mills
49	Gorham
50	Grand Isle
51	Greenville
52	Guilford
53	Harpswell
54	Harrison
55	Hermon
56	Houlton
57	Jackman
58	Jonesport
59	Kennebunk
60	Kennebunkport
61	Kittery Locality
62	Lebanon
63	Lewiston
64	Limerick
65	Limestone
66	Lincoln
67	Lisbon Falls
68	Livermore Falls
69	Lubec
70	Machias
71	Madawaska
72	Madison
73	Mars Hill
74	Mechanic Falls
75	Milbridge
76	Millinocket
77	Milo
78	Monroe
79	Monson
80	New Sweden
81	Newport
82	North Berwick
83	North Whitefield
84	Northeast Harbor
85	Norway
86	Oakland

NH Exchanges	
44	Hancock
45	Hanover
46	Harrisville
47	Hinsdale
48	Jackson
49	Jaffrey
50	Jefferson
51	Keene
52	Kingston
53	Laconia
54	Lancaster
55	Lebanon
56	Lisbon
57	Littleton
58	Lyme
59	Madison
60	Manchester
61	Marlborough
62	Marlow
63	Meredith
64	Merrimack
65	Milan
66	Milford
67	Milton
68	Milton Mills
69	Monroe Locality
70	Nashua
71	New Boston
72	Newmarket
73	Newport
74	North Conway
75	North Stratford
76	North Walpole Locality
77	North Woodstock
78	Northwood
79	Orford Locality
80	Pelham
81	Penacook
82	Peterborough
83	Piermont Locality
84	Pike
85	Pittsburg
86	Pittsfield

VT Exchanges	
44	Manchester
45	Middlebury
46	Milton
47	Montpelier
48	Morgan
49	Morrisville
50	Newbury
51	Newfane
52	Newport
53	North Troy
54	Norton
55	Norwich Locality
56	Orleans
57	Pittsfield
58	Pittsford
59	Plainfield
60	Poultney
61	Pownal
62	Proctor
63	Putney
64	Randolph
65	Reading
66	Readsboro
67	Richford
68	Rochester
69	Rupert
70	Rutland
71	St. Albans
72	St. Johnsbury
73	Salisbury
74	South Londonderry
75	South Royalton
76	South Strafford
77	Stamford Locality
78	Stowe
79	Swanton
80	Thetford Locality
81	Troy
82	Tunbridge
83	Underhill
84	Vergennes
85	Wardsboro
86	Washington

Maine - New Hampshire - Vermont Exchange List

(FairPoint/Verizon Domestic 214 Application -- Attachment B)

ME Exchanges	
87	Old Orchard Beach
88	Old Town
89	Orono
90	Orrington
91	Oxford
92	Pembroke
93	Pittsfield
94	Portland
95	Pownal
96	Presque Isle
97	Princeton
98	Rangeley
99	Readfield
100	Richmond
101	Rockland
102	Rockwood
103	Rumford
104	Sabattus
105	Sanford
106	Scarborough
107	Searsport
108	Sedgwick
109	Skowhegan
110	South Berwick
111	South Lebanon Locality
112	Southwest Harbor
113	Sullivan
114	Tenants Harbor
115	The Forks
116	Thomaston
117	Van Buren
118	Vanceboro
119	Vinal Haven
120	Waldoboro
121	Washburn
122	Waterville
123	Wells
124	West Lebanon Locality
125	Westbrook
126	Wilson's Mills Locality
127	Wilton
128	Windham
129	Winter Harbor

NH Exchanges	
87	Plainfield Locality
88	Plaistow
89	Plymouth
90	Portsmouth
91	Raymond
92	Rindge
93	Rochester
94	Rumney
95	Rye Beach
96	Salem
97	Sanbornville
98	Seabrook
99	Somersworth
100	South Hampton Locality
101	Spofford
102	Sullivan
103	Sunapee
104	Suncook
105	Tamworth
106	Tilton
107	Troy
108	Twin Mountain
109	Walpole
110	Warren
111	West Chesterfield Locality
112	West Lebanon Locality
113	West Stewartstown
114	Westmoreland
115	Whitefield
116	Winchester
117	Wolfeboro
118	Woodsville

VT Exchanges	
87	Waterbury
88	Weathersfield
89	Wells
90	Wells River Locality
91	West Burke
92	Westminster Locality
93	West Rutland
94	White River Junction
95	Williamstown
96	Williamsville
97	Wilmington
98	Windsor
99	Woodstock

Verizon New England

Maine - New Hampshire - Vermont Exchange List

(FairPoint/Verizon Domestic 214 Application -- Attachment B)

ME Exchanges	
130	Winterport
131	Wiscasset
132	Woodland
133	Wytovitlock
134	Yarmouth
135	York

NH Exchanges

VT Exchanges

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB
3060-0589

Page 1 of 1

(1) LOCK BOX # 358145		SPECIAL USE ONLY	
		FCC USE ONLY	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) FAIRPOINT COMMUNICATIONS, INC.		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$965.00	
(4) STREET ADDRESS LINE NO. 1 908 WEST FRONTVIEW			
(5) STREET ADDRESS LINE NO. 2 P.O. BOX 199			
(6) CITY DODGE CITY		(7) STATE KS	(8) ZIP CODE 67801
(9) DAYTIME TELEPHONE NUMBER (include area code) (620) 227-4400		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0007709991		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME			
(14) STREET ADDRESS LINE NO. 1			
(15) STREET ADDRESS LINE NO. 2			
(16) CITY		(17) STATE	(18) ZIP CODE
(19) DAYTIME TELEPHONE NUMBER (include area code)		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN)		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$965.00	(27A) TOTAL FEE \$965.00	FCC USE ONLY	
(28A) FCC CODE 1	(29A) FCC CODE 2		
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1	(29B) FCC CODE 2		
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.			
SIGNATURE _____		DATE _____	
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.			
SIGNATURE _____		DATE _____	