



PUBLIC NOTICE

MAR 20 2007

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FEDERAL COMMUNICATIONS COMMISSION
445 TWELFTH STREET, S.W.
WASHINGTON, D.C. 20554

DA 07-1314

News media information 202/418-0500 Fax-On-Demand 202/418-2830 Internet: <http://www.fcc.gov> [ftp.fcc.gov](ftp://ftp.fcc.gov)

Released: March 14, 2007

**APPLICATIONS FILED FOR THE TRANSFER OF
CERTAIN SPECTRUM LICENSES AND SECTION 214 AUTHORIZATIONS
IN THE STATES OF MAINE, NEW HAMPSHIRE, AND VERMONT
FROM VERIZON COMMUNICATIONS INC. AND ITS SUBSIDIARIES
TO FAIRPOINT COMMUNICATIONS, INC.**

WC Docket No. 07-22

PLEADING CYCLE ESTABLISHED

Comments/Petitions to Deny Due: April 13, 2007

Responses/Oppositions Due: April 23, 2007

Replies Due: April 30, 2007

INTRODUCTION

Verizon Communications Inc. (Verizon Communications) and its subsidiaries (collectively, Verizon) – Verizon New England Inc. (Verizon New England), NYNEX Long Distance Company (NYNEX Long Distance), Bell Atlantic Communications, Inc. (BACI), Verizon Select Services Inc. (VSSI), Northern New England Spinco Inc. (Spinco), and Northern New England Telephone Operations Inc. (Telco) – and FairPoint Communications, Inc. (FairPoint) (together with Verizon, Applicants) have filed a series of applications pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 214, 310(d).¹ The Applicants seek Commission approval of the transfer of certain spectrum licenses and section 214 authorizations in the states of Maine, New Hampshire, and Vermont from Verizon to FairPoint.

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, international, wireless, and other services.² Verizon Communications

¹ See 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, Consolidated Application for Consent to Transfer Assets, WC Docket No. 07-22 (filed Jan. 31, 2007); ITC-ASG-20070206-00059, ITC-ASG-20070206-00060, ITC-ASG-20070206-00061, ITC-ASG-20070206-00062; ULS File Nos. 0002921065, 0002921107, 50005CFTC07.

² Further, Verizon Communications is a majority owner of Cellco Partnership d/b/a Verizon Wireless, which services approximately 56 million wireless voice and data subscribers in the United States.

is a publicly-traded company. No person or entity owns 10 percent or more of the equity in Verizon Communications.

Verizon Communications, through 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.³ Verizon New England is a direct, wholly-owned subsidiary of NYNEX Corporation, a Delaware holding company, which in turn is a direct, wholly-owned subsidiary of Verizon Communications, a Delaware Corporation.

Verizon Communications also provides long-distance services in Maine, New Hampshire, and Vermont through its subsidiaries, NYNEX Long Distance, BACI, and VSSI. NYNEX Long Distance, a Delaware company, is a direct, wholly-owned subsidiary of Bell Atlantic Worldwide Services Group, Inc. (Bell Atlantic Worldwide), a Delaware holding company, which in turn is a direct, wholly-owned subsidiary of NYNEX Corporation. BACI, a Delaware corporation, is a direct, wholly-owned subsidiary of Verizon Communications. VSSI, a Delaware corporation, is a wholly-owned subsidiary of GTE Corporation. Verizon Communications owns more than 92 percent of GTE Corporation.

For the purpose of effectuating this transfer of control, Verizon Communications created three subsidiaries, Spinco, Telco, and Enhanced Communications of Northern New England Inc. (Newco). Spinco, a Delaware corporation, is a newly formed holding company that was established for the sole purpose of owning Telco and Newco, both of which are wholly-owned subsidiaries of Spinco, and is a direct, wholly-owned subsidiary of Verizon Communications.

FairPoint, a Delaware corporation, through its local exchange carrier operating subsidiaries, provides wireline local exchange service and exchange access service in 18 states, including Maine, New Hampshire, and Vermont.⁴ FairPoint does not provide any local exchange service 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 18 states, including Maine, New Hampshire, and Vermont. FairPoint is a publicly-traded company. There are no entities that own a 10 percent or more equity interest in FairPoint.⁵ Following the consummation of the proposed transaction, no entity is expected to own 10 percent or more of the equity of FairPoint.

On January 15, 2007, FairPoint entered into an Agreement and Plan of Merger with Spinco and Verizon Communications. The proposed transaction consists of two distinct but immediately sequential parts. First, Verizon will undertake an internal reorganization consisting of the following *pro forma* transactions: (1) 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; (2) NYNEX Long Distance, BACI, and VSSI will transfer

³ The assets related to those operations will be transferred to Northern New England Telephone Operations Inc. (Telco), which will be wholly-owned by Spinco. The Applicants listed the affected exchanges in Attachment B to their application. In addition, Verizon New England provides local exchange and exchange access services in Massachusetts and Rhode Island.

⁴ In addition to those three states, FairPoint 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.

⁵ See Letter from Brian W. Murray, Counsel to FairPoint, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 07-22, ITC-ASG-20070206-00059, ITC-ASG-20070206-00060, ITC-ASG-20070206-00061, and ITC-ASG-20070206-00062 (filed Feb. 23, 2007).

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;⁶ (3) Verizon New England will transfer the stock in Telco to Spinco through a series of intermediate transfers;⁷ and (4) 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.⁸

Second, immediately following the *pro forma* transactions, Spinco will be merged with and into FairPoint, resulting in the transfer of control of Telco and Newco and the transfer of assets. 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.

SECTION 214 AUTHORIZATIONS

The following applications for consent to the assignment of international Section 214 authorizations to FairPoint have been assigned the file numbers listed below.

A. International

<u>File No.</u>	<u>Authorization Holder</u>	<u>Authorization Number</u>
ITC-ASG-20070206-00059	Verizon Select Services Inc.	ITC-214-20020705-00324
		ITC-214-20020402-00167
		ITC-214-20020213-00084
		ITC-214-20020705-00325
		ITC-214-20020402-00169
		ITC-214-20020213-00083
ITC-ASG-20070206-00060	Bell Atlantic Communications, Inc.	ITC-214-20020213-00082
		ITC-214-20020402-00170
		ITC-214-20020705-00327
ITC-ASG-20070206-00061	NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions	ITC-214-20020705-00326
		ITC-214-20020402-00168
		ITC-214-20020213-00081
ITC-ASG-20070206-00062	Verizon New England Inc.	ITC-214-20030516-00243

⁶ Verizon Internet Services Inc., d/b/a Verizon On-Line, will transfer certain non-regulated customer relationships to Newco.

⁷ 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.

⁸ See 47 C.F.R. § 63.24(d) (defining *pro forma* assignments).

B. Domestic

Applicants filed an application for consent to transfer control of domestic section 214 authority to FairPoint. Applicants assert that this transaction is entitled to presumptive streamlined treatment under section 63.02(b)(1)(iii) of the Commission's rules because the proposed transaction involves only the transfer of the local exchange assets of an incumbent local exchange carrier by means other than an acquisition of corporate control;⁹ alternatively, Applicants request streamlined treatment under the Commission's case-by-case approach.¹⁰ In light of the multiple applications pending before the Commission in this transaction and the public interest review associated with them, however, we conclude that Applicants' domestic transfer of control application is not subject to streamlined treatment.

SECTION 310(D) APPLICATIONS

The following applications for consent to the full and partial *pro forma* assignment of Part 101 Common Carrier Fixed Point-to-Point Microwave and Industrial/Business Pool licenses from Verizon New England to Telco have been assigned the file numbers listed below.

File No.	Licensee	Lead Call Sign
0002921065 ¹¹	Verizon New England Inc.	KCK72
0002921107	Verizon New England Inc.	KA8049

The following application for consent to the transfer of control of Part 101 Common Carrier Fixed Point-to-Point Microwave and Industrial/Business Pool licenses held by Telco to FairPoint has been assigned the file number listed below.

File No.	Licensee	Lead Call Sign
50005CFTC07 ¹²	Northern New England Telephone Operations Inc.	KCK72

⁹ See 47 C.F.R. § 63.03(b)(1)(iii).

¹⁰ See *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, Report and Order, 17 FCC Rcd 5517, 5535, para. 34 (2002).

¹¹ This application has been designated the lead application for the section 310(d) applications. For information about the partial assignment of licenses, see ULS File No. 0002921065, at Attachment 3 (amended Mar. 2, 2007).

¹² This application is attached to File No. 0002921065. This application seeks consent for the transfer of control of licenses held by Telco from Spinco to FairPoint. These licenses, however, are currently held by Verizon New England and are the subject of the two pending *pro forma* assignment of license applications listed above. See ULS File Nos. 0002921065 and 0002921107. Since the applications assigning licenses from Verizon New England to Telco remain pending and have not been consummated by the parties, the licenses are not shown as belonging to Telco in ULS. Thus, this application was filed manually with a request for waiver of the ULS electronic filing requirement, pursuant to section 1.913(b) of the Commission's rules. 47 C.F.R. § 1.913(b). We grant the parties' request for waiver of the ULS filing requirement.

EX PARTE STATUS OF THIS PROCEEDING

Pursuant to section 1.1200(a) of the Commission's rules,¹³ the Commission may adopt modified or more stringent *ex parte* procedures in particular proceedings if the public interest so requires. We announce that this proceeding will be governed by permit-but-disclose *ex parte* procedures that are applicable to non-restricted proceedings under section 1.1206 of the Commission's rules.¹⁴

We direct parties making oral *ex parte* presentations to the Commission's statement re-emphasizing the public's responsibility in permit-but-disclose proceedings and are reminded that memoranda summarizing the presentation must contain the presentation's substance and not merely list the subjects discussed.¹⁵ More than a one- or two-sentence description of the views and arguments presented is generally required.¹⁶ Other rules pertaining to oral and written presentations are set forth in section 1.1206(b) as well.¹⁷ We urge parties to use the Electronic Comment Filing System ("ECFS") to file *ex parte* submissions.

GENERAL INFORMATION

The applications referenced herein have been found, upon initial review, to be acceptable for filing. The Commission reserves the right to return any application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules or policies. Final action on these applications will not be taken earlier than thirty-one days following the date of this Public Notice.¹⁸

Interested parties must file comments or petitions to deny no later than **April 13, 2007**. Persons and entities that timely file comments or petitions to deny may participate fully in the proceeding, including seeking access to any confidential information that may be filed under a protective order (subject to the restrictions contained in the protective order) and seeking reconsideration of decisions. Responses or oppositions to comments and petitions must be filed no later than **April 23, 2007**. Replies to such pleadings must be filed no later than **April 30, 2007**. All filings concerning matters referenced in this Public Notice should refer to DA 07-1314 and WC Docket No. 07-22, as well as the specific file numbers of the individual applications or other matters to which the filings pertain.

¹³ 47 C.F.R. § 1.1200(a).

¹⁴ *Id.* § 1.1206.

¹⁵ See *Commission Emphasizes the Public's Responsibilities in Permit-But-Disclose Proceedings*, Public Notice, 15 FCC Rcd 19945 (2000).

¹⁶ See 47 C.F.R. § 1.1206(b) (2).

¹⁷ *Id.* § 1.1206(b).

¹⁸ See 47 U.S.C. § 309(b).

Under the Commission's procedures for the submission of filings and other documents,¹⁹ submissions in this matter may be filed electronically (*i.e.*, through ECFS) or by hand delivery to the Commission's Massachusetts Avenue location.

- **Electronic Filers:**²⁰ Comments may be filed electronically using the Internet by accessing the ECFS: <http://www.fcc.gov/cgb/ecfs/>. In completing the transmittal screen, filers should include their full name, U.S. Postal Service mailing address, and the applicable docket number. Parties also may submit an electronic comment by Internet e-mail. To get filing instructions, filers should send an e-mail to ecfs@fcc.gov, and include the following words in the body of the message, "get form." A sample form and directions will be sent in response.
- **Paper Filers:** Parties who choose to file by paper must file an original and four copies of each filing.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

The Commission's contractor will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building.

Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.

U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, S.W., Washington, D.C. 20554.

One copy of each pleading must be delivered electronically, by e-mail or facsimile, or if delivered as paper copy, by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (according to the procedures set forth above for paper filings), to the Commission's duplicating contractor, Best Copy and Printing, Inc., at fcc@bcpiweb.com or (202) 488-5563 (facsimile).

¹⁹ See *Implementation of Interim Electronic Filing Procedures for Certain Commission Filings*, Order, 16 FCC Rcd 21483 (2001); see also *FCC Announces a New Filing Location for Paper Documents and a New Fax Number for General Correspondence*, Public Notice, 16 FCC Rcd 22165 (2001); *Reminder: Filing Locations for Paper Documents and Instructions for Mailing Electronic Media*, Public Notice, 18 FCC Rcd 16705 (2003).

²⁰ See *Electronic Filing of Documents in Rulemaking Proceedings*, GC Docket No. 97-113, Report and Order, 13 FCC Rcd 11322 (1998).

Additionally, filers must deliver courtesy copies by email or facsimile to the following Commission staff:

- Sumita Mukhoty, Policy Division, International Bureau, at Sumita.Mukhoty@fcc.gov or (202) 418-2824 (facsimile);
- Adam Kirschenbaum, Competition Policy Division, Wireline Competition Bureau, at adam.kirschenbaum@fcc.gov or (202) 418-1413 (facsimile);
- Erin McGrath, Mobility Division, Wireless Telecommunications Bureau, at erin.mcgrath@fcc.gov or (202) 418-7224 (facsimile); and
- Jim Bird, Office of General Counsel, at jim.bird@fcc.gov or (202) 418-1234 (facsimile).

Copies of the Applications and any subsequently-filed documents in this matter may be obtained from Best Copy and Printing, Inc., in person at 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, via telephone at (202) 488-5300, via facsimile at (202) 488-5563, or via e-mail at fcc@bcpiweb.com. The Applications and any associated documents are also available for public inspection and copying during normal reference room hours at the following Commission office: FCC Reference Information Center, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. The Applications also are available electronically through the Commission's ECFS, which may be accessed on the Commission's Internet website at <http://www.fcc.gov>.

People with Disabilities: To request this Public Notice in accessible formats (computer diskette, large print, audio recording, and Braille) send an email to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

For further information, contact Adam Kirschenbaum, Competition Policy Division, Wireline Competition Bureau, at 202-418-7280; Sumita Mukhoty, Policy Division, International Bureau, at 202-418-7165; or Erin McGrath, Mobility Division, Wireless Telecommunications Bureau, at 202-418-2042.

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