

Categories of Services for 214 Applications
(Streamline/Non-streamline)

- ASSIGNMENT OF LICENSE
- GLOBAL FACILITIES-BASED SERVICE
- GLOBAL FACILITIES-BASED/GLOBAL RESALE SERVICE
- GLOBAL RESALE SERVICE
- INDIVIDUAL FACILITIES-BASED SERVICE
- INTERCONNECTED PRIVATE LINE RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE/LIMITED GLOBAL RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE
- LIMITED GLOBAL RESALE SERVICE
- INMARSAT AND MOBILE SATELLITE SERVICE
- SWITCHED RESALE SERVICE
- TRANSFER OF CONTROL
- SUBMARINE CABLE LANDING LICENSE
- INTERNATIONAL SPECIAL PROJECT

Description of Application: _____

Before the

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

_____)	
In the Matter of)	
)	
PAETEC COMMUNICATIONS, INC.)	
)	
)	File No. I-T-C-98-_____
Application Pursuant to Section 214)	
of the Communications Act, as amended)	
for Global Authority To Operate as)	
an International Facilities-Based and)	
Resale Carrier)	
_____)	

APPLICATION

PaeTec Communications, Inc. ("PaeTec"), hereby requests "global" authority, pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214 (1982), and Section 63.18 of the Commission's rules, 47 C.F.R. § 63.18 (1997), to provide international telecommunications services between the United States and various international points.

I. The Proposed International Services

PaeTec requests four types of authority in this application, all of which are eligible for streamlined processing.¹ Specifically, PaeTec requests (1) global facilities-based authority pursuant to Section 63.18(e)(1) of the Commission's Rules, 47 C.F.R. § 63.18(e)(1), to acquire ownership interests in U.S.-authorized international facilities and connecting facilities not listed on the Commission's Exclusion List to provide international telecommunications services between the

¹ See *Streamlining the International 214 Authorization Process and Tariff Requirements*, IB Docket No. 95-118, FCC 96-79 (rel. Mar. 13, 1996) (adopting streamlined 35-day processing procedures for certain international resale applications) ("*Streamlining Order*"); 47 C.F.R. § 63.12 (1997); *Rules and Policies of Foreign Market Participation in the U.S. Telecommunications Market*, IB Docket 97-142, *Report and Order on Reconsideration*, FCC 97-398 (rel. Nov. 26, 1997) ("*Foreign Market Participation Order*").

United States and all international points not listed on the Exclusion List;² (2) global authority pursuant to Section 63.18(e)(2) of the Commission's rules, 47 C.F.R. § 63.18(e)(2), to resell international switched services of all unaffiliated U.S.-authorized carriers to provide international switched services between the United States and all international points served by those carriers other than those countries listed on the Exclusion List; (3) global authority pursuant to Section 63.18(e)(2)(A) of the Commission's Rules, 47 C.F.R. § 63.18(e)(2)(A), to resell international non-interconnected private lines to provide international private line services between the United States and all international points other than those countries listed on the Exclusion List; (4) authority pursuant to Section 63.18(e)(2)(B) of the Commission's Rules, 47 C.F.R. § 63.18(e)(2)(B), to resell international private lines interconnected to the public switched network ("PSN") at one or both ends to provide international switched services on all international routes on which the Commission permits such services to be provided.³ Accordingly, PacTec's application for authority pursuant to Section 214 is eligible for streamlined processing.⁴

PacTec believes that the added competition its expanded entry will bring to the market will benefit the consumers of U.S.-international services. These benefits include competitive pricing and increased availability of a variety of service options. Grant of this application will therefore further the public interest.

² Pursuant to the *Streamlining Order*, the FCC permits applicants who obtain global facilities-based authority to thereafter acquire additional capacity in any U.S.-owned facilities without requesting further authority under Section 214. *Streamlining Order* ¶ 16.

³ See *Streamlining Order* ¶ 34. See also *International Settlement Rates*, IB Docket 96-261, *Report and Order*, FCC 97-280 (rel. Aug. 18, 1997) ("*Benchmarks Order*"); *Foreign Market Participation Order*.

⁴ See *Streamlining Order*; 47 C.F.R. § 63.12.

II. The Applicant

PaeTec Communications, Inc. is a corporation organized and existing under and by virtue of the laws of the State of Delaware. PaeTec plans to operate as an international telecommunications service provider but does not currently hold any authorization pursuant Section 214 of the Communications Act, as amended to provide such services. PaeTec is a wholly owned subsidiary of PaeTec Corp., a Delaware holding company whose principal business is telecommunications. PaeTec has no foreign carrier ownership, and no officer of PaeTec is an employee, agent or representative of a foreign telecommunications entity. PaeTec is not affiliated, within the meaning of Section 63.18(h)(1)(i) of the Commission's Rules, 47.C.F.R. § 63.18(h)(1)(i), with any foreign carriers.⁵

III. Public Interest Considerations

In the *Foreign Carrier Entry Order*,⁶ the Commission set forth the following policy goals for its regulation of the U.S. international telecommunications market: to promote effective competition in the U.S. telecommunications market, particularly the market for international telecommunications services; to prevent anticompetitive conduct in the provision of international services or facilities; and to encourage foreign governments to open their communications markets.⁷ The Commission also stated that "establishing an effectively competitive global communications market could result in reduced rates, increased quality, and new services."⁸ In addition, the Commission found that "effective competition directly advances the public interest and the

⁵ See *Market Entry and Regulation of Foreign-Affiliated Entities*, IB Docket No. 95-22, *Report & Order*, 11 FCC Rcd 3873 (1995) ("*Foreign Carrier Entry Order*").

⁶ *Foreign Carrier Entry Order*, 11 FCC Rcd 3873.

⁷ *Id.* ¶ 6.

⁸ *Id.*

Commission's paramount goal of making available a rapid, efficient, worldwide wire and radio communication service with adequate facilities at reasonable charges."⁹

Grant of PaeTec's request for resale and facilities-based authority to provide international services will directly further the Commission's policies of bringing increased competition to the U.S. international telecommunications services market and, therefore, is in the public interest.

IV. Information Required Under Section 63.18

As required by Section 63.18 of the Commission's Rules, PaeTec submits the following information:

- (a) Name, address and telephone number of the applicant:
- PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, NY 14450
(716) 340-2500 (Tel)
(716) 385-8994 (Fax)

- (b) PaeTec is a corporation organized under the laws of the State of Delaware.

- (c) Correspondence concerning this application should be sent to:

Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, NY 14450
(716) 340-2510 (Tel)
(716) 385-8994 (Fax)

With a copy to:

Daniel J. Venuti, Esq.
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, NY 14450
(716) 340-2630 (Tel)
(716) 340-2563 (Fax)

⁹ *Id.* ¶

- (d) Upon grant of this application, PaeTec will become a non-dominant carrier with authority pursuant to Section 214 of the Communications Act of 1934, as amended, and the Commission's Rules, to operate as an international facilities-based and resale carrier. PaeTec lacks the market power that would allow it to control prices to the detriment of market competition.
- (e) PaeTec requests Section 214 authority to operate as a facilities-based carrier pursuant to the terms and conditions of Section 63.18(e)(1) and to operate as a resale carrier pursuant to the terms and conditions of Section 63.18(e)(2). Specifically, PaeTec seeks to (1) obtain global facilities-based authority to acquire interests in whole and half-circuits in submarine cables, establish channels of communication with satellite systems, and utilize necessary connecting facilities, other than facilities listed on the Exclusion List, to provide international telecommunications services between the United States and all international points except those points excluded by the Exclusion List; (2) obtain global authority to resell international switched services of all unaffiliated U.S.-authorized carriers to provide international switched services between the United States and all international points served by those carriers other than those countries listed on the Exclusion List; (3) obtain global authority to resell international non-interconnected private lines to provide international private line services between the United States and all international points except those points listed on the Exclusion List; (4) obtain global authority to resell international private lines interconnected to the PSN at one or both ends to provide international switched services on all international routes on which the Commission permits such services to be provided.¹⁰
- (f) At this time, PaeTec does not seek authority to provide services not referenced under paragraph (e) of Section 63.18 of the Commission's Rules.
- (g) The authority requested in this application is categorically excluded from environmental processing as defined by Section 1.1306 of the Commission's Rules, 47 C.F.R. § 1.1306. As such, an environmental assessment is not required for purposes of this application and, therefore, is not attached.
- (h) PaeTec certifies that it is not affiliated within the meaning of Section 63.18(h)(1)(i) of the Commission's Rules, 47 C.F.R. § 63.18(h)(1)(i), with any foreign carriers or U.S. carriers whose facilities-based services it proposes to resell.

¹⁰ See *Streamlining Order* ¶ 17. The *Foreign Participation Order* eliminates the equivalent resale opportunities test for World Trade Organization ("WTO") member country routes. *Foreign Participation in the U.S. Telecommunications Market*, IB Docket No. 96-1111, Report and Order, FCC 97-298 (rel. Nov. 26, 1997) ("*Foreign Participation Order*"). Pursuant to the *Streamlining Order*, the FCC has stated it will automatically amend all Section 214 authorizations to resell international private lines and to provide international switched services between the United States and countries that afford U.S. carriers equivalent resale opportunities to add all countries found to meet the equivalent opportunities standard. *Streamlining Order* ¶ 34.

The following entities hold a ten percent (10%) or greater, direct or indirect, ownership interest in PaeTec:

<u>Name/Address</u>	<u>Citizenship</u>	<u>Principal Business</u>
PaeTec Corp. 290 Woodcliff Drive Fairport, NY 14450	U.S.	Telecommunications

The following entities hold, or will hold at the time the authority requested herein may be granted, a ten percent (10%) or greater, direct or indirect, ownership interest in PaeTec Corp.:

<u>Name/Address</u>	<u>Citizenship</u>	<u>Principal Business</u>
Arunas A. Chesonis 290 Woodcliff Drive Fairport, NY 14450	U.S.	Telecommunications
Chris Edgecomb 290 Woodcliff Drive Fairport, NY 14450	U.S.	Telecommunications

PaeTec's interlocking director and officer information is as follows:

Arunas A. Chesonis
PaeTec Communications, Inc. - Director, Chairman & Chief Executive Officer
PaeTec Corp. - Director, Chairman & Chief Executive Officer
PaeTec International, Inc. - Director, Chairman & Chief Executive Officer
Star Telecommunications, Inc. - Director

Chris Edgecomb
PaeTec Communications, Inc. - Director
PaeTec Corp. - Director
PaeTec International, Inc. - Director
Star Telecommunications, Inc. - Director

Richard E. Ottalagana
PaeTec Communications, Inc. - Executive Vice President and Treasurer
PaeTec Corp. - Executive Vice President and Treasurer
PaeTec International, Inc. - Executive Vice President and Treasurer

Director and Officer Information (continued)

Bradford M. Bono

PaeTec Communications, Inc. - Director & President, Mid-Atlantic Region
PaeTec Corp. - Director
PaeTec International, Inc. - Director


- (i) As required by Section 63.18 (i) of the Commission's Rules, 47 C.F.R. § 63.18(i), PaeTec certifies that it has not agreed to accept nor will it accept in the future any special concessions, as defined by the Commission's Rules, directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows between the U.S. and any foreign country for which PaeTec may be authorized to serve, except such concessions as may be permitted under, and which would take effect subsequent to the effective date of, the *Foreign Participation Order*.
- (j) PaeTec is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. PaeTec's certification pursuant to Section 1.2002 of the Commission's Rules (implementing the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 3301) is attached.
- (k) PaeTec requests streamlined processing of this application. PaeTec is not affiliated with any foreign carriers and therefore qualifies for streamlined processing under 47 C.F.R. § 63.12(a).

CONCLUSION

For the reasons stated above, PaeTec International, Inc. respectfully submits that the public interest, convenience and necessity would be furthered by grant of this Section 214 application.

Respectfully submitted,

PAETEC COMMUNICATIONS, INC.

By: 
Richard E. Ottalagana
Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, NY 14450
(716) 340-2510 (Tel)
(716) 340-8994 (Fax)

Dated: September 11, 1998

CERTIFICATION OF APPLICANT

On behalf of PaeTec Communications, Inc. ("PaeTec"), and in accordance with Section 1.2001-1.2003 of the Commission's Rules, 47 C.F.R. §§ 1.2001-1.2003, I hereby certify that no party to this application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. See 21 U.S.C. § 853a. I also hereby certify that the statements in the foregoing application for Section 214 authority are true, complete, and correct to the best of my knowledge and are made in good faith.

I further certify that PaeTec has not agreed to accept any concessions directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flow between the United States and various international points under the authority granted under Section 214 of the Communications Act of 1934, as amended, and the Commission's Rules, and has not agreed to enter into such agreements in the future, except such concessions as may be permitted under the Commission's Rules.

PaeTec Communications, Inc.

By: 
Richard E. Ottalagana
Executive Vice President

Dated: September 11, 1998



Communications, Inc.

September 11, 1998

VIA OVERNIGHT MAIL

Magalie Roman Salas, Secretary
Federal Communications Commission
International Bureau
Telecommunications Division
P. O. Box 358115
Pittsburgh, PA 15251-5115


Re: Application of PaeTec Communications, Inc. for Section 214 International Global
Facilities-Based Authority and Global Resale Authority

Dear Sir or Madam:

Enclosed for filing with the Commission are an original and six (6) copies of the application of PaeTec Communications, Inc. ("PaeTec") for "global" authority pursuant to Section 214 of the Communications Act, as amended, to provide facilities-based and resale telecommunications services.

As required by the Commission's Rules, enclosed is a check in the amount of \$745.00, payable to the Federal Communications Commission. Please date-stamp the extra copy of this application and return it in the self-addressed, postage-paid envelope provided. Any questions regarding the enclosed application should be addressed to the undersigned.

Respectfully submitted,


Richard E. Ottalagana
Executive Vice President
PaeTec Communications, Inc.

Enclosures

cc: Daniel J. Venuti, Esq.