

**DESCRIPTION OF TRANSACTION,  
PUBLIC INTEREST SHOWING,  
AND RELATED DEMONSTRATIONS**

## **EXECUTIVE SUMMARY**

The Applicants seek Commission approval of the transfer of control of licenses from AT&T Inc. (“AT&T”) to Texas 10, LLC (“Texas 10”) and the assignment of associated derivative international Section 214 authority. Texas 10 is majority-owned by Alta Communications, Inc. (“Alta”), which also owns a majority interest in MTPCS, LLC d/b/a Cellular One (“MTPCS”) and OK-5 Licensee Co., LLC d/b/a/ Cellular One (“OK-5”). These transactions fulfill AT&T’s divestiture obligations – under the Commission’s order in the merger of AT&T and Centennial and the consent decree into which AT&T entered with the Department of Justice regarding that transaction – with respect to three of the eight CMAs in which divestiture is required. Texas 10 is well-positioned to provide high-quality services to customers in these CMAs. It has, along with its affiliates MTPCS and OK-5, experience providing wireless services in rural areas and has infrastructure and systems in place to integrate Centennial’s network in these CMAs quickly and seamlessly with its existing operations. Further, the transactions will introduce a new competitor to replace Centennial and thereby maintain competition in these CMAs. Thus, in view of the clear public interest benefits and the absence of any danger of competitive harms, the Commission should approve these applications expeditiously and without conditions.

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**DESCRIPTION OF TRANSACTIONS, PUBLIC INTEREST  
SHOWING, AND RELATED DEMONSTRATIONS**

**I. OVERVIEW**

These applications seek the Commission’s approval for the transfer of control of licenses from AT&T Inc. (“AT&T”) to Texas 10, LLC (“Texas 10”) and the assignment of associated derivative international Section 214 authority. Texas 10 is majority-owned by Alta Communications, Inc. (“Alta”), which also owns a majority interest in MTPCS, LLC d/b/a Cellular One (“MTPCS”) and OK-5 Licensee Co., LLC d/b/a/ Cellular One (“OK-5”) (collectively with Texas 10, the “MTPCS Affiliates”). As detailed below, these transactions fulfill AT&T’s divestiture obligations with respect to CMA205 (Alexandria, LA), CMA456 (Louisiana RSA 3 - De Soto), and CMA501 (Mississippi RSA 9 - Copiah) under the Commission’s order in the merger of AT&T and Centennial Communications Corp. (“Centennial”)<sup>1</sup> and the consent decree into which AT&T entered with the Department of Justice regarding that transaction.<sup>2</sup> To the extent the Commission must grant any separate approvals of the divestitures pursuant to the *AT&T Centennial Merger Order*, the Applicants seek such approvals.

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<sup>1</sup> *In re Applications of AT&T Inc. and Centennial Commc’ns Corp. for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Leasing Arrangements*, WT Dkt No. 08-246, Memorandum Opinion and Order, FCC 09-97, ¶ 111 (2009) (“*AT&T/Centennial Merger Order*”). The Commission did not require AT&T to divest operations in Mississippi RSA 9. *Id.*

<sup>2</sup> Proposed Final Judgment at § IV, *United States and State of Louisiana v. AT&T Inc. and Centennial Commc’ns Corp.*, (D.D.C. filed Oct. 13, 2009) (“*Final Judgment*”).

As discussed below, the transfers of control will provide additional public interest benefits while maintaining competition. Accordingly, the Commission should approve these applications expeditiously.

## **II. DESCRIPTION OF THE TRANSACTIONS**

Pursuant to a Purchase Agreement dated January 20, 2010, AT&T is selling the cellular A-band licenses for Alexandria, Louisiana RSA 3, and Mississippi RSA 9 (collectively “Divestiture CMAs”), along with operational and related assets and the customers of the former Centennial wireless businesses in these areas. As a first step of the transaction, former Centennial subsidiaries holding these assets will contribute them to a newly formed, wholly owned indirect subsidiary of AT&T called Independence III Newco, LLC (“Newco”).<sup>3</sup> Then, the indirect AT&T subsidiary that is the parent of Newco will transfer control of its interest in Newco to Texas 10. To reflect these two steps, the Applicants are filing applications to assign the relevant authorizations to Newco under the control of Texas 10.

## **III. DESCRIPTION OF THE APPLICANTS AND THEIR EXISTING BUSINESSES**

Texas 10 is majority-owned by Alta, which also has a majority interest in MTPCS and OK-5. The MTPCS Affiliates in which Alta has interests control numerous Commission licensees, including providers of CMRS services in rural areas.<sup>4</sup> Their

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<sup>3</sup> While Centennial Southeast License Company LLC (“Centennial Southeast”) holds all the radio licenses, other former Centennial subsidiaries hold operational and related assets that are part of this transaction. In addition, the customers being divested receive service pursuant to international Section 214 authorizations held by Centennial; accordingly, derivatives of those authorizations are being assigned to Texas 10.

<sup>4</sup> In 2005, MTPCS, LLC purchased wireless assets of Blackfoot Communications and 3 Rivers Communications under the brand name Chinook Wireless and began to provide

*[Footnote continued on next page]*

qualifications to control Commission licensees are a matter of public record.<sup>5</sup> Of particular importance to this transaction, the team that will manage Texas 10's operations in the CMAs being divested also manages the operations of Texas 10 in Texas RSA 10 - Navarro, MTPCS in Montana, and parts of Wyoming, and OK-5 in Oklahoma RSA 5 - Roger Mills. These three entities, under the brand name Cellular One, provide digital wireless telephone and data services throughout Montana, northern Wyoming, and parts of Oklahoma and Texas. Its current service area includes many areas of low population density.

AT&T is a leading provider of wireless, high-speed Internet access, local and long distance voice, video, data, and directory publishing and advertising services. AT&T's qualifications to hold these licenses and to sell them are well-established.<sup>6</sup>

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service in Montana and a portion of northern Wyoming. Then, in early 2008, MTPCS, LLC d/b/a Cellular One licensed the Cellular One brand name for Montana and Wyoming and expanded its operations to include CMAs in Texas and Oklahoma that were formerly operated by Dobson Communications. Today, the company operates in all four areas as Cellular One.

<sup>5</sup> See, e.g., *Wireless Telecomms. Bureau Assignment of License Authorization Applications, Transfer of Control of Licensee Applications, De Facto Transfer Lease Applications and Spectrum Manager Lease Notifications, Designated Entity Reportable Eligibility Event Applications, and Designated Entity Annual Reports Action*, Public Notice, Rpt. No. 4002 (WTB rel. Apr. 16, 2008); *Wireless Telecomms. Bureau Grants Advanced Wireless Serv. Licenses: Auction Event No. 66*, Public Notice, 21 FCC Rcd. 13,883, Attachment A (2006).

<sup>6</sup> See *AT&T/Centennial Merger Order*, ¶ 23; *In re Applications of AT&T Inc. and Dobson Commc'ns Corp. for Consent to Transfer Control of Licenses and Authorizations, AT&T/Dobson Merger Order*, Memorandum Opinion and Order, 22 FCC Rcd. 20,295, 20,303, ¶ 11 (2007); *In re AT&T Inc. and BellSouth Corp. Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd. 5662, 5758, ¶ 194 (2007) ("AT&T/BellSouth Merger Order"); *In re SBC Commc'ns Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd. 18,290, 18,380-81, ¶¶ 173-76 (2005) ("SBC/AT&T Merger Order"); *In re*

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#### IV. THE STANDARD OF REVIEW

In deciding whether to grant these applications under Sections 214(a) and 310(d) of the Communications Act of 1934, as amended,<sup>7</sup> the Commission must determine whether doing so is in the public interest.

Many transfer or assignment applications on their face show that a transaction will yield affirmative public interest benefits and will not violate the Communications Act or Commission rules, nor frustrate or undermine the policies and enforcement of the Communications Act by reducing competition or otherwise.<sup>8</sup> Such applications do not

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*Applications of AT&T Wireless Servs., Inc. and Cingular Wireless Corp. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 19 FCC Rcd. 21,522, 21,548, ¶ 48 (2004) (“*Cingular/AT&T Wireless Merger Order*”); *In re Applications of SBC Commc’ns Inc. and BellSouth Corp. for Consent to Transfer of Control or Assignment of Licenses and Authorizations*, Memorandum Opinion and Order, 15 FCC Rcd. 25,459, 25,465-66, ¶¶ 14-17 (WTB & IB 2000); *In re Applications of Ameritech Corp. and SBC Commc’ns Inc. for Consent to Transfer Control of Corps. Holding Comm’n Licenses and Lines Pursuant to Sections 214 and 310(d) of the Commc’ns Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Comm’n’s Rules*, Memorandum Opinion and Order, 14 FCC Rcd. 14,712, 14,950, ¶¶ 571-73 (1999) (“*SBC/Ameritech Merger Order*”) (subsequent history omitted).

<sup>7</sup> 47 U.S.C. §§ 214(a), 310(d).

<sup>8</sup> *In re Application of GTE Corp. and Bell Atlantic Corp. for Consent to Transfer Control of Domestic and Int’l Section 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, Memorandum Opinion and Order, 15 FCC Rcd. 14,032, 14,048, ¶ 25 (2000) (“*GTE/Bell Atlantic Merger Order*”); *In re Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from MediaOne Group, Inc. to AT&T Corp.*, Memorandum Opinion and Order, 15 FCC Rcd. 9816, 9822, ¶ 13 (2000) (“*MediaOne/AT&T Merger Order*”); *In re Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from Tele-Commc’ns, Inc. to AT&T Corp.*, Memorandum Opinion and Order, 14 FCC Rcd. 3160, 3170, ¶ 16 (1999) (citing *In re Applications of Bourbeuse Tel. Co. and Fidelity Tel. Co.*, Memorandum Opinion and Order, 14 FCC Rcd. 803 (1998)); *SBC/Ameritech Merger Order*, 14 FCC Rcd. at 14,740-41, ¶ 54.

require extensive review and expenditures of considerable resources by the Commission and interested parties.<sup>9</sup> These are such transactions.

It is clear that these transactions do not violate any law or rule. Likewise, as shown below, they do not impede the realization of the objectives of the Communications Act or the Commission's ability to implement the Act. To the contrary, these transactions will result in affirmative public interest benefits and will not harm competition. Accordingly, the Commission should approve these transfer of control applications expeditiously.

**V. THE TRANSACTIONS WILL PROMOTE THE PUBLIC INTEREST, CONVENIENCE, AND NECESSITY**

On November 5, 2009, the Commission found that the proposed merger of AT&T and Centennial would serve the public interest provided that AT&T divest spectrum and operating units in seven CMAs where the Commission concluded that, following the merger, there would not be an adequate number of competing service providers with sufficient network and spectrum assets to deter anticompetitive behavior by the merged entity.<sup>10</sup> These transactions fulfill AT&T's divestiture obligations under the *AT&T/Centennial Merger Order* and the Final Judgment with respect to three of the eight

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<sup>9</sup> *In re Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations by Time Warner Inc. and Am. Online, Inc. to AOL Time Warner Inc.*, Order, 16 FCC Rcd. 6547, 6557, ¶ 26 (2001); *GTE/Bell Atlantic Merger Order*, 15 FCC Rcd. at 14,048, ¶ 25; *MediaOne/AT&T Merger Order*, 15 FCC Rcd. at 9822, ¶ 13; *SBC/Ameritech Merger Order*, 14 FCC Rcd. at 14,740-41, ¶ 54; see also *In re Petition for Forbearance of the Indep. Tel. & Telecomms. Alliance*, Third Memorandum Opinion and Order, 14 FCC Rcd. 10,816, 10,830-31, ¶ 20 (1999).

<sup>10</sup> *AT&T/Centennial Merger Order*, ¶ 109. The Department of Justice reached a similar conclusion with respect to all seven CMAs plus an eighth, Mississippi RSA 9. *Final Judgment* at § IV.



CMA in which divestiture is required – Alexandria, Louisiana RSA 3, and Mississippi RSA 9.<sup>11</sup>

Further, the management of the MTPCS Affiliates has experience operating wireless systems in rural areas and is well-positioned to provide Centennial's customers in the Divestiture CMA with high-quality wireless services. For example, the MTPCS Affiliates currently provide a range of services to customers throughout Montana, northern Wyoming, and parts of Texas and Oklahoma. This team will bring the benefit of its experience to these former Centennial customers in Louisiana and Mississippi. In Montana, for example, the management team has made significant investments to upgrade and expand its network and systems, and improved the quality of service by substantially increasing the number of cell towers and upgrading its network from CDMA to GSM EDGE technology.<sup>12</sup> The management team will bring this experience in managing and improving wireless services to the Divestiture CMA. The MTPCS

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<sup>11</sup> AT&T has contracted to sell the operations in the other five CMA to Verizon Wireless, and applications for Commission consent to that transaction are pending. *Cellco P'ship d/b/a Verizon Wireless and AT&T Inc. Seek FCC Consent to Assign or Transfer Control of Licenses and Authorizations and Request a Declaratory Ruling on Foreign Ownership*, Public Notice, 24 FCC Rcd. 11,314 (2009).

<sup>12</sup> Press Release, Cellular One Wireless, Cellular One Launches New Cell Site in Dixon Montana (Apr. 9, 2009); Press Release, Cellular One Wireless, Cellular One Announces 35th New Cell Site in Montana (Mar. 18, 2009); *see also* Press Release, Cellular One Wireless, Twin Creeks, Montana Receives GSM Cellular Coverage with Launch of New Cellular One Cell Site (Feb. 9, 2009); Press Release, Cellular One Wireless, Cellular One Expands Cellular Coverage throughout Montana (Dec. 2, 2008); Press Release, Chinook Wireless, MTPCS and Nokia Build GSM Network in Montana; Nokia Enhances Its Leading Position in Release 4 Core Networks Deployments (May 8, 2006), *available at* <http://www2.prnewswire.com/cgi-bin/stories.pl?ACCT=104&STORY=/www/story/05-08-2006/0004356194&EDATE=> (discussing Chinook's upgrade from CDMA to GSM/GPRS/EDGE).

Affiliates also have acquired licenses to provide wireless services in southern Wyoming and the western parts of North and South Dakota. The addition of the Divestiture CMAs to the MTPCS Affiliates' network fits the company's pattern of expansion to additional rural areas.

Texas 10 will continue to utilize the MTPCS Affiliates' Nokia R-4 soft switch, which provides maximum flexibility to expand and serve new territories. This design will allow it to integrate Centennial's network operations in the Divestiture CMAs quickly and seamlessly with existing operations. Texas 10 also will continue to share the MTPCS Affiliates' systems and resources, including an established billing platform, a full-service customer care center, accounting and finance, IT, roaming administration, and human resources, all of which will enable it to serve the acquired CMAs independently after a customary transition period.

Through the transaction, Texas 10 will obtain control of cellular licenses in the Divestiture CMAs. In addition, Texas 10 will receive a customer base, fully built network assets, retail facilities and operations, roaming and interconnection agreements with AT&T, real property, equipment and personal property, inventory, customer support and business systems, and intellectual property.<sup>13</sup> While Centennial's existing operations will provide an excellent platform from which to serve existing and future customers in the Divestiture CMAs, the MTPCS Affiliates' management team expects, from time to time, to assess, upgrade, and expand these systems, just as it has done in its current service areas.

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<sup>13</sup> Purchase Agreement by and Between Centennial Communications Corp. and Texas 10, LLC at Article 2, § 2.2(a), Schedule 1B (dated Jan. 20, 2010) ("Purchase Agreement").

## **VI. THE TRANSACTION WILL MAINTAIN COMPETITION**

This transaction will maintain competition within the Divestiture CMAs. The transaction will resolve operational and spectrum overlaps between AT&T and Centennial that the Commission or the Department of Justice found had the potential to harm competition within those CMAs.<sup>14</sup>

Texas 10, MTPCS, and OK-5 currently have no presence in the Divestiture CMAs. Consequently, Texas 10's acquisition of the Centennial properties will introduce a new competitor to replace Centennial and thereby maintain competition in these three CMAs. In addition, its management team is experienced at operating CMRS services in rural areas and is well-equipped to maintain the competitive position of the divested properties, which cover rural portions of Louisiana and Mississippi.

## **VII. RELATED GOVERNMENT FILINGS**

The Department of Justice will conduct its own review of the divestiture of assets in the Purchase Agreement pursuant to the Final Judgment's requirement to approve the buyer.

## **VIII. MISCELLANEOUS REGULATORY ISSUES**

In addition to seeking the Commission's approval of the transfers of control of the authorizations covered in these applications, the Applicants also request approval for the additional authorizations described below.

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<sup>14</sup> See *AT&T/Centennial Merger Order*, ¶ 111; *DOJ Judgment* at § IV.

**A. After-Acquired Authorizations**

While the list of call signs referenced in each application is intended to be complete and to include all of the licenses held by Centennial Southeast that are subject to the transactions, Centennial Southeast may now have on file, and may hereafter file, additional requests for authorizations for new or modified facilities which may be granted or may enter into new spectrum leases before the Commission takes action on these transfer applications. Accordingly, the Applicants request that any Commission approval of the applications filed for these transactions include authority for Texas 10, as applicable, to acquire control of: (1) any authorization issued to Centennial Southeast for the exclusive use of the wireless businesses in the Divestiture CMAs during the Commission's consideration of the transactions and the period required for consummation of the transactions; (2) any construction permits held by Centennial Southeast for the exclusive use of the wireless businesses in the Divestiture CMAs that mature into licenses after closing; (3) any applications of Centennial Southeast for the exclusive use of the wireless businesses in the Divestiture CMAs that are pending at the time of the consummation; and (4) any leases of spectrum for the exclusive use of the wireless businesses in the Divestiture CMAs into which Centennial Southeast or the management trustee managing the Centennial assets being divested enters as a lessee while these transactions are pending and the period required for consummation of the transactions. Such action would be consistent with prior decisions of the Commission.<sup>15</sup>

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<sup>15</sup> See, e.g., *AT&T/Centennial Merger Order*, ¶ 170; *AT&T/Dobson Merger Order*, 22 FCC Rcd. at 20,341; *Cingular/AT&T Wireless Merger Order*, 19 FCC Rcd. at 21,626, ¶ 275; *In re Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from S. New. Eng. Telecomms. Corp. to SBC Commc'ns Inc.*,

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Moreover, because Texas 10 is acquiring or acquiring control of all of Centennial Southeast's FCC authorizations used exclusively for the wireless businesses in the Divestiture CMAs, it requests that Commission approval include any authorizations or leases that may be inadvertently omitted when AT&T and Texas 10 file these applications.

**B. Trafficking**

The cellular and microwave licenses included in this application all have been constructed. Accordingly, there is no reason to review the transaction from a trafficking perspective.<sup>16</sup>

**C. Blanket Exemption to Cut-Off Rules**

The public notice announcing these transactions will provide adequate notice to the public with respect to the licenses involved, including any for which license modifications are now pending. Therefore, no waiver needs to be sought from Sections

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Memorandum Opinion and Order, 13 FCC Rcd. 21,292, 21,294, ¶ 4 (1998) (“*SBC/SNET Merger Order*”); *In re Applications of Pac. Telesis Group and SBC Commc’ns for Consent to Transfer Control of Pac. Telesis Group and Its Subsidiaries*, Memorandum Opinion and Order, 12 FCC Rcd. 2624, 2665, ¶ 93 (1997); *In re Applications of NYNEX Corp. and Bell Atl. Corp. for Consent to Transfer Control of NYNEX Corp. and Its Subsidiaries*, Memorandum Opinion and Order, 12 FCC Rcd. 19,985, 20,097, ¶ 247 (1997); *In re Applications of Craig O. McCaw and Am. Tel. & Tel. Co. for Consent to Transfer Control of McCaw Cellular Commc’ns and Its Subsidiaries*, Memorandum Opinion and Order, 9 FCC Rcd. 5836, 5909, ¶ 137 n. 300 (1994), *aff’d sub nom. SBC Commc’ns Inc. v. FCC*, 56 F.3d 1484 (D.C. Cir. 1995), *recons in part*, 10 FCC Rcd. 11,786 (1995).

<sup>16</sup> See 47 C.F.R. § 1.948(i)(1) (authorizing the Commission to request additional information if the transaction appears to involve unconstructed authorizations obtained for the “principal purpose of speculation”).

1.927(h) and 1.929(a)(2) of the Commission's rules to provide a blanket exception from any applicable cut-off rules in cases where the Applicants file amendments to pending applications to reflect the consummation of the proposed transfers of control.<sup>17</sup>

## **IX. CONCLUSION**

For the foregoing reasons, the Commission should conclude that this transaction serves the public interest, convenience, and necessity and should grant the applications expeditiously. Similarly, the Commission also should grant any divestiture approvals required by the *AT&T/Centennial Merger Order*.

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<sup>17</sup> See *In re Applications of Ameritech Corp. and GTE Consumer Servs. Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 15 FCC Rcd. 6667, 6668, ¶ 2 n.6 (WTB 1999); *In re Applications of Comcast Cellular Holdings Co. and SBC Commc'ns Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 14 FCC Rcd. 10,604, 10,605, ¶ 2 n.3 (WTB 1999).