

July 13, 2000

**BY HAND**

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W., Room TW-B204  
Washington, D.C. 20554

Re: Application for Authority to Transfer Control of Derivative International  
Section 214 Authority Held by GTE Wireless Seattle LLC, GTE  
Wireless Victoria LLC, GTE Mobilnet of Austin Limited Partnership,  
GTE Mobilnet of Texas RSA #11 Limited Partnership, GTE Mobilnet of  
Texas RSA #16 Limited Partnership, and Texas RSA 10B3 Limited  
Partnership

Dear Ms. Salas:

Enclosed for filing please find an original and five paper copies of an application seeking Commission consent to transfer control from GTE Wireless Incorporated ("GTE Wireless") to SBC Communications Inc. of the derivative international Section 214 authority held by certain subsidiaries and controlled partnerships of GTE Wireless – specifically, GTE Wireless Seattle LLC, GTE Wireless Victoria LLC, GTE Mobilnet of Austin Limited Partnership, GTE Mobilnet of Texas RSA #11 Limited Partnership, GTE Mobilnet of Texas RSA #16 Limited Partnership, and Texas RSA 10B3 Limited Partnership. The Applicants seek streamlined processing for this application pursuant to Section 63.12 of the Commission's Rules. The Applicants will not transfer these authorizations unless and until the Commission grants the underlying license transfer applications in WT Docket No. 00-81.

Magalie Roman Salas  
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The prescribed fee for the instant application is \$780.00. This amount has been paid electronically and the electronic audit code for the fee receipt is 167552201951452.

Please direct questions concerning the transferee's portion of the application to:

Phillip W. Horton  
Arnold & Porter  
555 12<sup>th</sup> Street, N.W.  
Washington, D.C. 20004-1202  
(202) 942-5000

Please direct questions concerning the transferor's portion of the application to the undersigned counsel for GTE Wireless.

Respectfully submitted,

Nancy J. Victory

cc: J. Breck Blalock  
Elizabeth Nightingale



Section 214 authority held by GTE Wireless Seattle LLC (“Seattle LLC”), GTE Wireless Victoria LLC (“Victoria LLC”), GTE Mobilnet of Austin Limited Partnership (“Austin”), GTE Mobilnet of Texas RSA #11 Limited Partnership (“RSA #11”), GTE Mobilnet of Texas RSA #16 Limited Partnership (“RSA #16”), and Texas RSA 10B3 Limited Partnership (“RSA 10B3”) (collectively, the “Licensed Entities”). The Applicants seek streamlined processing for this application pursuant to Section 63.12 of the Commission’s Rules.

In support of this application, the Applicants submit the following information.

**I. INTRODUCTION AND DESCRIPTION OF THE PARTIES AND  
TRANSACTION**

The Licensed Entities currently possess international Section 214 authority through the global blanket international Section 214 authorization held by their parent company, GTE Wireless.<sup>1</sup> This authorization permits the resale, on a non-dominant carrier basis, of the international switched services of authorized, unaffiliated United States international carriers for the provision of international switched services originating from U.S. points and terminating at all international points, with the exception of the Dominican Republic and Venezuela. The transfer of the derivative Section 214 authority held by the Licensed Entities is part of a transaction in which GTE Wireless is transferring control of certain cellular and PCS systems, and their corresponding FCC authorizations, to SBC.<sup>2</sup> This

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<sup>1</sup> File No. ITC-95-561.

<sup>2</sup> Applications to transfer control of these Title III licenses were filed on July 6, 2000.

transaction, which is being undertaken to implement divestitures required as a result of the merger of GTE and Bell Atlantic Corporation ("Bell Atlantic"), will allow SBC, one of the nation's leading CMRS providers, to expand its cellular footprint to better serve its customers. The Applicants, the transaction into which they propose to enter, and the derivative international Section 214 authority to be transferred, are summarized below. As demonstrated herein, the proposed transfer of control will serve the public interest, convenience and necessity.

**A. The Parties**

GTE Wireless is the parent of numerous subsidiaries and affiliated partnerships licensed to provide a variety of wireless services to the public. Among these are wholly owned subsidiaries, Seattle LLC and Victoria LLC, and controlled partnerships, Austin, RSA #11, RSA #16 and RSA10B3. Seattle LLC's business consists primarily of the provision of wireless services in the Seattle and Spokane-Billings, Washington MTAs and the Yakima, Washington BTA. Victoria LLC's business consists primarily of the provision of wireless services in the Victoria, Texas MSA. Austin's business consists primarily of the provision of wireless services in the Austin, Texas MSA. RSA #11's business consists primarily of the provision of wireless services in Texas RSA 11B1. RSA #16's business consists primarily of the provision of wireless services in Texas RSA 16. RSA 10B3's business consists primarily of the provision of wireless services in Texas RSA 10B3. As part of their wireless service offerings, these licensees provide resold international communications services to their wireless customers.

SBC's principal businesses consist of local exchange, wireless and directory publishing services provided by operating subsidiaries of SBC. SBC has foreign affiliations within the meaning of Section 63.09(e) of the Commission's Rules<sup>3</sup> with carriers in South Africa, Switzerland, Hungary, Norway, the Netherlands, Denmark, Germany, Canada, Lithuania and Belgium. SBC's subsidiaries hold a number of international Section 214 authorizations, which are described more fully below.

**B. The Transaction**

GTE Wireless and SBC have entered into an agreement under which GTE Wireless will transfer control of the Licensed Entities to SBC. Following consummation of the transaction, the Licensed Entities will be wholly-owned subsidiaries of or partnerships controlled by SBC. The proposed transaction is described in detail in Exhibit 1.<sup>4</sup>

**II. PUBLIC INTEREST CONSIDERATIONS**

The Applicants believe that the proposed transfer of control will serve the public interest, convenience and necessity. As described fully in Exhibit 1, the proposed transfer of the wireless properties to SBC will plainly result in public interest benefits and will not trigger anti-competitive effects in any market. Moreover, SBC is highly qualified to be in ultimate control of these authorizations. The transfer of control of the derivative

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<sup>3</sup> See, 47 C.F.R. § 63.09(e).

<sup>4</sup> Exhibit 1 is the Description of the Transaction, Public Interest Showing and Related Demonstrations filed with the Commission on July 6, 2000 in connection with the transfer of the Title III licenses held by the Licensed Entities.

international Section 214 authority held by the Licensed Entities is incidental to this larger transaction. Nevertheless, grant of the instant application is essential to preserve international calling capabilities in the affected markets upon transfer. Failure to grant this request would not only deprive customers in these markets of critical calling capabilities on which they have come to rely, but it would also reduce the ability of these systems to compete fully and fairly in the communications marketplace.

Because the proposed transfer of control is in the public interest, convenience and necessity and otherwise complies with applicable law and regulations, the Applicants respectfully request that the Commission grant this Application expeditiously.

### **III. OTHER INFORMATION PROVIDED PURSUANT TO SECTION 63.18 OF THE COMMISSION'S RULES**

The Applicants hereby submit the information required under Section 63.18 of the Commission's Rules, 47 C.F.R. §§ 63.18(a)-(p), and in support of the Applicants' request. The information set forth below is labeled according to the corresponding rule section to which it is responsive.

*Section 63.18(a) Identifying Information.* The names, addresses and telephone numbers of the Applicants are:

**GTE Wireless Incorporated**  
One GTE Place  
Alpharetta, GA 30004  
678-339-4271<sup>5</sup>

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<sup>5</sup> The addresses and phone numbers of the Licensed Entities are identical to that of GTE Wireless.

**SBC Communications Inc.**  
175 E. Houston Street  
San Antonio, TX 78205  
210-351-3476

***Section 63.18 (b) State of Organization.*** GTE Wireless is a corporation organized under the laws of the State of Delaware. SBC is a corporation organized under the laws of the State of Delaware.

***Section 63.18 (c) Contact Information.*** All correspondence concerning this application should be addressed to:

**For GTE Wireless:**

Mike Mott  
Manager, Regulatory Matters  
GTE Wireless Incorporated  
One GTE Place  
Alpharetta, GA 30004  
687-339-4268 (voice)  
678-339-8551 (facsimile)

*with a copy to*

Nancy J. Victory  
Wiley, Rein & Fielding  
1776 K Street, N.W.  
Washington, D.C. 20006  
202-719-7388 (voice)  
202-719-7049 (facsimile)



**For SBC:**

Wayne Watts  
V.P. & Assistant General Counsel  
SBC Communications Inc.  
175 E. Houston Street  
San Antonio, TX 78205

210-351-3476 (voice)  
210-351-3257 (facsimile)

*with a copy to*

Philip Horton  
Arnold & Porter  
555 12th Street, N.W.  
Washington, DC 20004

(202) 942-5787 (voice)  
(202) 942-5999 (facsimile)

***Section 63.18(d) Existing Authorizations.***

1. SBC's subsidiaries currently hold the following international Section 214 authorizations to provide both resold and facilities-based switched (voice and data) and private line international services:

- a. FCC File No. ITC-214-19960418-00152 (Ameritech Mobile) (public notice of approval, Report No. I-8180, DA 96-933, June 13, 1996; effective June 10, 1996).<sup>6</sup>

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<sup>6</sup> This international section 214 authorization is the subject of a pending transfer of control application filed with the Commission on May 4, 2000, to transfer control of this authorization to Alloy LLC, a joint venture between SBC and BellSouth Corporation.

- b. FCC File No. ITC-94-100 (CCPR Services) (public notice of approval, Report No. I-6941, March 16, 1994; effective March 13, 1994).<sup>7</sup>
- c. FCC File No. ITC-93-128 (USVI Cellular) (public notice of approval, Report No. I-6796, May 12, 1993; effective May 8, 1993).<sup>8</sup>
- d. Southwestern Bell Communications Services-Massachusetts, Inc., FCC File No. ITC-96-496 (Oct. 25, 1996) (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- e. Southwestern Bell Communications Services-Maryland, Inc., FCC File No. ITC-96-498 (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- f. Southwestern Bell Communications Services-New York, Inc., FCC File No. ITC-96-499 (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- g. Southwestern Bell Communications Services-Illinois, Inc., FCC File No. ITC-96-500 (Oct. 25, 1996) (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).

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<sup>7</sup> This international section 214 authorization is the subject of a pending transfer of control application filed with the Commission on May 4, 2000, to transfer control of this authorization to Alloy LLC, a joint venture between SBC and BellSouth Corporation.

<sup>8</sup> This international section 214 authorization is the subject of a pending transfer of control application filed with the Commission on May 4, 2000, to transfer control of this authorization to Alloy LLC, a joint venture between SBC and BellSouth Corporation.

- h. Southwestern Bell Communications Services, Inc., FCC File No. ITC-96-497 (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- i. Southwestern Bell Communications Services, Inc., FCC File No. ITC-214-19971108-00689 (public notice, DA 99-1613, released August 13, 1999).
- j. Pacific Bell Communications, FCC File No. ITC-96-689 (public notice of approval, DA 97-327, Feb. 13, 1997; effective Feb. 7, 1997).
- k. SBC Global Communications, Inc., FCC File No. ITC-96-692 (order, authorization and certificate, DA 97-1928, Sept. 9, 1997; effective Sept. 5, 1997).
- l. SNET America, Inc., FCC File Nos. ITC-93-256 (public notice of approval, Report No. I-6858, Sept. 15, 1993), ITC-95-145 (public notice of approval, Report No. I-8030, Mar. 22, 1995; effective Mar. 17, 1995) and ITC-96-172 (public notice of approval, Report No. I-8171, DA 96-668, May 2, 1996; effective Apr. 26, 1996).
- m. SNET Diversified Group, Inc., FCC File No. ITC-96-538 (public notice of approval, Report No. I-8218, DA 96-1988, Nov. 27, 1996; effective Nov. 22, 1996).
- n. Ameritech Communications, Inc., FCC File No. ITC-96-272 (order, authorization and certificate, DA 96-1169, 11 FCC Rcd. 8685, July 24, 1996;

- effective July 19, 1996; memorandum, opinion and order removing interim separation safeguards, DA 97-1662, 12 FCC Rcd. 11654, August 4, 1997).
- o. Ameritech Communications, Inc., FCC File No. ITC-96-441 (public notice of approval, Report No. I-8202, DA 96-1551, Sept. 19, 1996; effective Sept. 13, 1996).
  - p. Ameritech Communications, Inc., FCC File No. ITC-97-289 (public notice of approval, Report No. I-8251, DA 97-1442, July 10, 1997; effective July 9, 1997).
  - q. Southwestern Bell Communications Services, Inc., FCC file No. ITC-214-20000301-00125 (public notice of approval, Report No. TEL-00212, DA 00-768, April 6, 2000; effective March 31, 2000).
  - r. Southwestern Bell Communications Services, Inc. FCC file No. ITC-214-20000127-00027 (public notice of approval, DA 00-1474, June 30, 2000, effective June 30, 2000).
2. SBC's subsidiaries have applied for the following international Section 214 authorizations to provide global international resale services:
- a. Pacific Telesis Mobile Services has an application pending before the Commission requesting authority to provide global international resale services. FCC file No. ITC-214-20000516-00368.
  - b. SNET Mobility, Inc. has an application pending before the Commission requesting authority to provide global international resale services. FCC file No. ITC-214-20000516-00367.

- c. SNET Cellular, Inc. has an application pending before the Commission requesting authority to provide global international resale services. This application was filed on May 16, 2000.
  - d. Radiofone, Inc. has an application pending before the Commission requesting authority to provide global international resale services. This application was filed on May 16, 2000.
  - e. SBC Wireless, Inc. has an application pending before the Commission requesting authority to provide global international resale services. This application was filed on May 16, 2000.
3. GTE Wireless holds only the international Section 214 authorization referenced above from which the authority to be transferred is derived.

**Section 63.18(e) Authority Requested.** SBC is applying for authority under Section 63.18(e)(3), 47 C.F.R. § 63.18(e) of the Commission's Rules, to transfer control of common carriers (the Licensed Entities) authorized to provide global international resale services derived from the global blanket international Section 214 authorization held by GTE Wireless.

**Section 63.18(f) Separate Applications.** No response required.

**Section 63.18(g) Categorical Exclusion of Facilities-Based Operations.** The

Applicants are not seeking facilities-based authority under Section 63.18(e)(4) of the

Commission's Rules. 47 C.F.R. § 63.18(e)(4). Therefore, and in accord with Section 63.18(e)(3), Section 63.18(g) requires no response from the Applicants.<sup>9</sup>

**Section 63.18(h) Transferee Ownership.** No entity or person owns more than 10 percent of SBC.

**Section 63.18(i) Foreign Carrier Affiliations.** SBC hereby certifies that it is not a foreign carrier. SBC hereby certifies that it is affiliated with foreign carriers in South Africa, Switzerland, Hungary, Norway, the Netherlands, Denmark, Germany, Canada, Lithuania and Belgium. The identity of the specific foreign carriers, the country in which each operates, the services provided by each, and the indirect equity interest SBC holds in each (if applicable) are set forth below:

1. Telkom South Africa Ltd. (“Telkom S.A.”) (South Africa). A consortium formed between Telekom Malaysia Berhad and SBC (of which SBC owns 60 percent) owns 30 percent of Telkom S.A. Before the acquisition by this consortium, Telkom S.A. was a completely state-owned company. Telkom S.A. is the incumbent telecommunications carrier in South Africa.
2. diAx Holding AG (“diAx”) (Switzerland). SBC, through a joint venture, owns an indirect 40 percent interest in diAx, a new, full-service Swiss telecommunications carrier, with far less than 50 percent market share in the international transport and local access markets in Switzerland. In the SBC/Ameritech Order,<sup>10</sup> the Commission determined that diAx lacks market power in Switzerland, and that SBC and its subsidiaries are entitled to non-dominant carrier treatment on the U.S.-Switzerland route.<sup>11</sup>
3. MATAV Rt (Hungary). MagyarCom, a consortium formed indirectly between Ameritech Corporation, a wholly-owned subsidiary of SBC (“Ameritech”), and Deutsche Telekom owns approximately 60 percent of

<sup>9</sup> See, 47 C.F.R. §§ 63.18(e)(3) & 63.18(g).  
<sup>10</sup> In re Ameritech Corp. and SBC Communications Inc., 14 FCC Rcd. 14,712 (Oct. 8, 1999) (“SBC/Ameritech Order”).

<sup>11</sup> Id. at ¶ 533.

MATAV Rt., the incumbent telecommunications operator in Hungary. Through its interest in MagyarCom, Ameritech, and therefore SBC, holds a non-controlling, 29.8 percent interest in MATAV.

4. BEN Netherlands B.V. ("BEN Netherland") (the Netherlands). Through its interests in Tele Danmark and Belgacom S.A., Ameritech owns an indirect, non-controlling interest in BEN Netherland. BEN Netherland provides GSM 1800 wireless services in the Netherlands, and has far less than a 50 percent market share in the international transport and local access markets in the Netherlands. In the SBC/Ameritech Order, the Commission held that BEN Netherland does not possess market power in the Netherlands, and that SBC subsidiaries are entitled to non-dominant regulation on the U.S.-Netherlands route.<sup>12</sup>

5. Tele Danmark A/S ("Tele Danmark") (Denmark). Through an indirect subsidiary, Ameritech indirectly holds a 41.6 percent, *de facto* controlling interest in Tele Danmark. Tele Danmark is a full service telecommunications carrier in Denmark authorized to provide, among other services, local exchange and international telecommunications services to the public.

6. NetCom GSM ("NetCom") (Norway). Ameritech owns a 19.6 percent interest in NetCom. Tele Danmark owns 20.4 percent of NetCom. Therefore, Ameritech has an effective interest of approximately 28.1 percent in NetCom. NetCom is a wireless carrier with less than 50 percent market share of the local access and transport markets in Norway.

7. Talkline GmbH ("Talkline") (Germany and the Netherlands). Talkline is wholly owned by Tele Danmark. Consequently, Ameritech holds an indirect controlling interest in Talkline. Talkline is authorized to provide mobile communications services in Germany and resold cellular service in the Netherlands. Talkline has far less than a 50 percent market share of the international transport and local access markets in Germany and the Netherlands. In the SBC/Ameritech Order, the Commission held that Talkline lacks market power in Germany and the Netherlands, and that SBC subsidiaries are entitled to regulation as non-dominant carriers along the U.S.-Germany and U.S.-Netherlands routes.<sup>13</sup>

8. UAB Mobilijos Telekomunikacijos ("Bite") (Lithuania). Bite is a wholly-owned subsidiary of Tele Danmark. Consequently, Ameritech holds an indirect, controlling interest in Bite. Bite is authorized to provide wireless services in

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<sup>12</sup> Id. at ¶ 537.

<sup>13</sup> Id.

and SBC is entitled to a presumption of non-dominance along the U.S.-Norway route.<sup>18</sup>

11. Belgacom S.A. (“Belgacom”) (Belgium). SBC, through its subsidiary Ameritech, indirectly has an affiliation with Belgacom.<sup>19</sup> Belgacom is the incumbent telecommunications carrier in Belgium.

**Section 63.18(j) Destination Markets.** SBC certifies that the Licensed Entities will provide international telecommunications services to the following destination markets identified in response to Section 63.18(i) above in which it currently holds controlling ownership interests in their foreign carrier affiliates:

1. Denmark (Tele Danmark);
2. Germany (Talkline);
3. Netherlands (Talkline);
4. Lithuania (Bite);
5. Canada (ACII);
6. Norway (ETO);

**Section 63.18(k) WTO Membership/Market Power.** Pursuant to Section 63.18(k) of the Commission’s rules, 47 C.F.R. § 63.18(k), for each of the destination countries listed in subsection (j) of this application, SBC provides the following information.

- (1) Tele Danmark (Denmark). Denmark is a member of the World Trade Organization.
- (2) Talkline (Germany and the Netherlands). Both Germany and the Netherlands are members of the World Trade Organization. Talkline has far less than 50 percent market share of the international transport and local

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<sup>18</sup> Id. at 4-5.

<sup>19</sup> In The Matter of Southwestern Bell Communications Services, Inc., DA 00-1474 (June 30, 2000) ¶ 21.



access markets in Germany and the Netherlands, and therefore is presumed not to have market power in Germany and the Netherlands.<sup>20</sup> Additionally, as noted above, the Commission has already concluded that Talkline lacks market power in Germany and the Netherlands.<sup>21</sup>

- (3) Bite (Lithuania). Lithuania is not a member of the World Trade Organization. However, Bite has far less than a 50 percent market share in the international transport and local access markets in Lithuania, and therefore is presumed not to possess market power in any relevant market on the U.S.-Lithuania route.<sup>22</sup> For this reason, the Commission has already concluded that Bite lacks sufficient market power to affect competition adversely in the United States.<sup>23</sup>

- (4) ACII (Canada). Canada is a member of the World Trade Organization. ACII is a nascent carrier with far less than 50 percent of the international transport and local access markets in Canada, and therefore is presumed not to possess market power in any relevant market on the U.S.-Canada route.<sup>24</sup> In addition, as noted in Section (i)(8) of this application, the Commission apparently already has concluded that ACII lacks market power in Canada.

- (5) ETO (Norway). Norway is a member of the World Trade Organization. ETO is a nascent carrier with a miniscule share of the international transport and local access markets in Norway, and therefore is presumed not to possess market power in any relevant market on the U.S.-Norway route.<sup>25</sup>

***Section 63.18(f) International Switched Resale Condition.*** Through the transfer of

control of the derivative international Section 214 authority held by the Licensed Entities,

SBC, through these entities, proposes to resell the international switched services of

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<sup>20</sup> Foreign Participation Order, supra at ¶¶ 150-70.

<sup>21</sup> SBC/Ameritech Order, at ¶ 537.

<sup>22</sup> Foreign Participation Order, supra at ¶¶ 150-70.

<sup>23</sup> SBC/Ameritech Order, at ¶¶ 534-538.

<sup>24</sup> Foreign Participation Order, supra at ¶¶ 150-70.

<sup>25</sup> Id.

unaffiliated U.S. carriers for the purpose of providing international communications services to permitted foreign countries. SBC provides the following information with respect to the foreign carriers with which it has an affiliation and as to which the Licensed Entities will either satisfy Section 63.10(a)(3) of the Commission's Rules, 47 C.F.R. § 63.10(a)(3), or file the quarterly traffic reports required by Section 43.61(c) of the Commission's Rules, 47 C.F.R. § 43.61(c):

On all international routes the Licensed Entities will provide service solely via resale of the international switched services of an unaffiliated U.S. carrier. Since all of SBC's foreign affiliated carriers, except Telkom S.A., Tele Danmark, MATAV Rt and Belgacom lack 50 percent market share in the international transport and the local access markets on the foreign end of the route, the Licensed Entities will satisfy Section 63.10(a)(3) of the rules for all international communications services covered by this application, other than those to South Africa, Denmark, Hungary and Belgium. With respect to those four countries, the Licensed Entities will file the quarterly traffic reports required by Section 43.61(c) of the rules.

***Section 63.18(m) Non-Dominant Treatment.*** Pursuant to Section 63.18(m) of the Commission's Rules, and in accord with the standards set forth in Section 63.10 of those Rules, SBC requests that the Licensed Entities be treated as non-dominant for the provision of the communications services on all U.S. international routes for all of SBC's foreign affiliations. The Licensed Entities should be treated as non-dominant on its foreign affiliations for the following reasons:

1. The Licensed Entities would satisfy Section 63.10(a)(4) for the provision of international communications service to South Africa through the resale of an unaffiliated U.S facilities-based carriers' international switched services.
2. diAx lacks 50 percent market share in the international transport and local access markets in Switzerland and thus the Licensed Entities would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.
3. The Licensed Entities would satisfy Section 63.10(a)(4) for the provision of international communications service to Hungary through the resale of an unaffiliated U.S facilities-based carriers' international switched services.
4. BEN lacks 50 percent market share in the international transport and local access market in the Netherlands and thus the Licensed Entities would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.
5. NetCom is a wireless carrier which lacks 50 percent market share in the international transport and local access market in Norway and thus the Licensed Entities would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.
6. The Licensed Entities would satisfy Section 63.10(a)(4) for the provision of international communications service to Denmark through the resale of an unaffiliated U.S. facilities-based carriers' international switched services.
7. Talkline provides mobile communications services by connecting customers to different mobile operators' networks, and has far below 50 percent of the market share of the international transport and local access markets in Germany and the Netherlands and thus the Licensed Entities would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.
8. Bite provides only mobile wireless communications services and lacks 50 percent market share in the international transport and local access markets in Lithuania and thus the Licensed Entities would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.
9. ACII received authorization to provide international telecommunications services in Canada last year, and therefore became a foreign carrier, as that term is defined in section 63.09. ACII has a minuscule share of the international transport and local access market in Canada and lacks 50 percent market share in

the international transport and local access markets in Canada and thus the Licensed Entities would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.

10. ETO, which provides competitive fixed network, broadband and internet services in Norway, has far below 50 percent of the market share of the international transport and local access markets in Norway and thus the Licensed Entities would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.

11. The Licensed Entities would satisfy Section 63.10(a)(4) for the provision of international communications service to Belgium through the resale of an unaffiliated U.S. facilities-based carriers' international switched services.

**Section 63.18(n) Special Concessions Certification.** SBC hereby certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

**Section 63.18(o) Anti-Drug Abuse Act Certification.** SBC is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. Attached hereto is a certification, pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules (implementing the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862), of SBC.

**Section 63.18(p) Streamlining.** The Applicants request streamlined processing of this application. This application qualifies for streamlined processing pursuant to Section 63.12 of the Commission's Rules because, although SBC is affiliated with foreign carriers within the meaning of Section 63.09(e) in South Africa, Switzerland, Hungary, Norway, the Netherlands, Denmark, Germany, Canada, and Belgium, these affiliated destination markets are World Trade Organization member countries and SBC qualifies for a presumption of

non-dominance under Section 63.10(a)(4) of the Commission's Rules as the international service which is the subject of this application would be provided solely through the resale of an unaffiliated U.S. facilities-based carrier's international switched services (either directly or indirectly through resale of another U.S. resale carrier's international switched services).

In addition, although SBC is affiliated with a foreign carrier within the meaning of Section 63.09(e) in Lithuania, the Commission has previously found that Bite lacks market power in the destination market.<sup>26</sup> For this reason, the Commission has already concluded that Bite lacks sufficient market power to affect competition adversely in the United States.<sup>27</sup>

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<sup>26</sup> Id.

<sup>27</sup> SBC/Ameritech Order, at ¶¶ 534-538.

**IV. CONCLUSION**

In view of the foregoing, the Applicants respectfully request the Commission to grant this application.

Respectfully submitted,

**SBC COMMUNICATIONS INC.**

By: \_\_\_\_\_  
T. Michael Payne

DATE:

**GTE Wireless Incorporated**

By: \_\_\_\_\_  
Alan F. Ciamporcerro

DATE: July 13, 2000

**CERTIFICATION PURSUANT TO  
SECTIONS 1.2001-1.2003 OF THE COMMISSION'S RULES**

Pursuant to Sections 1.2001-1.2003 of the Commission's Rules, 47 C.F.R.

§§ 1.2001-1.2003, SBC Communications Inc. hereby certifies that neither it, nor any of its officers or directors, nor any of the shareholders holding 5 percent or more of the outstanding stock or shares (voting and/or non-voting) of SBC Communications Inc. is subject to a denial of federal benefits that include FCC benefits pursuant to Section 5301 of the Federal Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.

**SBC COMMUNICATIONS INC.**

By: \_\_\_\_\_  
T. Michael Payne

DATE: \_\_\_\_\_



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

### **I. INTRODUCTION**

These applications seek Commission approval for the transfer of control of certain FCC authorizations held by subsidiaries and affiliates of GTE Corporation (“GTE”)<sup>1</sup> to SBC Communications Inc. (“SBC”)<sup>2</sup>. The authorizations relate to PCS systems in the Seattle and Spokane-Billings, Washington MTAs and the Yakima, Washington BTA, and to cellular and microwave systems in the Austin, Texas and Victoria, Texas MSAs, as well as to cellular systems in Texas RSAs 10B3, 11B1 and 16. The authorizations are for cellular, PCS and microwave services (the “GTE Authorizations”). A total of six applications are being filed.

This transaction, which is being undertaken to implement divestitures required as a result of the merger of GTE and Bell Atlantic Corporation (“Bell Atlantic”), will allow SBC, which is one of the nation’s leading CMRS providers, to expand its cellular footprint to better serve its customers. The Commission has repeatedly found that the expansion of CMRS systems brings benefits to consumers and is pro-competitive, and this transaction will bring about the same benefits that the Commission has acknowledged in approving similar transactions in the past. Accordingly, the Commission should approve these applications expeditiously.

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<sup>1</sup> On Friday, June 30, 2000, the merger of Bell Atlantic and GTE closed. As a result, the ultimate parent entity of these licensees is Verizon Communications.

<sup>2</sup> SBC and GTE are jointly referred to herein as the “Applicants.”

## II. THE PROPOSED TRANSACTION

Pursuant to the terms of a court-approved Consent Decree among GTE, Bell Atlantic, Vodafone AirTouch Plc and the Department of Justice (“DOJ”),<sup>3</sup> the licenses at issue here are among those required to be divested by GTE as a condition of the merger of GTE and Bell Atlantic. Such divestiture is also required by the Commission’s Rules and the Commission’s order approving the merger.<sup>4</sup> The proposed sale of these properties to SBC will permit the merger parties to comply with these governmental directives and will enable the closing of a merger already found to bring substantial public benefits to consumers.<sup>5</sup>

The sale of these properties will take place pursuant to a series of agreements (the “Agreements”) entered into between GTE and SBC on June 30, 2000. Pursuant to

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<sup>3</sup> See Final Judgment, *U.S. v. Bell Atlantic Corp.*, Civ. No. 1:99CV01119 (LFO) (D.D.C. Apr. 18, 2000).

<sup>4</sup> See *In re Application of GTE Corporation and Bell Atlantic Corporation for Consent to Transfer of Control*, FCC 00-221 (rel. June 16, 2000).

<sup>5</sup> The merger of GTE and Bell Atlantic was consummated on June 30, 2000. Pursuant to a waiver of the CMRS spectrum cap from the FCC and the grant by DOJ of the first of two 30-day extensions of time permitted under the Consent Decree to divest the properties, the merged entity has been able temporarily to retain these properties pending sale to SBC. Applicants expect to receive an additional 30-day extension of time if necessary to obtain FCC approval and close the deal. In the event that the transfer to SBC is not consummated within the allotted time and necessary extensions or waivers are not procured, GTE will be required to place these properties into trust under the direction of a DOJ-appointed and court-approved trustee. Such authority for transfer to the trustee, if needed, has already been received. See *In re Applications of GTE Corporation, Vodafone AirTouch Plc, and Bell Atlantic Corporation for Consent to Transfer Control of or Assign Properties to Divestiture Trust*, DA 00-1414 (rel. June 26, 2000), Letter to Nancy J. Victory, Esq., Counsel to GTE Corporation, from William W. Kunze, Deputy Chief, Commercial Wireless Division, Wireless Telecommunications Bureau, FCC (June 29, 2000).

the Agreements, SBC will purchase GTE's interest in the following entities: (1) GTE Wireless Seattle LLC ("GTE Seattle"); (which holds 20 MHz PCS licenses for the Seattle and Spokane-Billings, Washington MTAs and the Yakima BTA)<sup>5</sup>; (2) GTE Mobinet of Austin Limited Partnership (the "Austin Partnership") (which holds the B band cellular license in the Austin, Texas MSA)<sup>7</sup>; (3) GTE Wireless Victoria LLC ("GTE Victoria") (which holds the B band cellular license in the Victoria, Texas MSA)<sup>8</sup>; (4) Texas RSA 10B3 Limited Partnership (the "RSA 10B3 Partnership") (which holds a portion of the B band cellular license in Texas RSA 10)<sup>9</sup>; (5) GTE Mobinet of Texas RSA #11 Limited Partnership (the "RSA 11 Partnership") (which holds a portion of the B band cellular license in Texas RSA 11)<sup>10</sup>; and (6) GTE

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<sup>6</sup> Pursuant to a forbearance notification dated June 28, 2000, the Commission was notified of the recent *pro forma* assignment of these licenses from GTE Wireless of the Pacific Incorporated to GTE Seattle. See File No. 0000178947. In addition, pursuant to a forbearance notification dated June 29, 2000, the Commission was notified of the recent disaggregation of 10 MHz from the Spokane and Yakima licenses and the *pro forma* assignment of these newly created 10 MHz licenses to an affiliated GTE entity. See File No. 0000179481. With respect to the Seattle license, 10 MHz was disaggregated from this license several years ago. Accordingly, all of the PCS licenses to be transferred to SBC are 20 MHz licenses. The Applicants note that the Yakima authorization is the subject of a pending request for waiver of the Commission's five-year construction requirement. See File No. 0000176449. Should this request for waiver and extension of time to construct facilities be denied, however, the Yakima authorization will not be included as part of this transaction.

<sup>7</sup> GTE has a 40% general partnership interest and a 21.68% limited partnership interest in the Austin Partnership.

<sup>8</sup> Pursuant to a forbearance notification dated June 22, 2000, the Commission was notified of the recent *pro forma* assignment of this license from GTE Wireless of Houston Incorporated to GTE Victoria. See File No. 0000174048.

<sup>9</sup> GTE has a 25% general partnership interest and a 50% limited partnership interest in the RSA 10B3 Partnership.

Mobihnet of Texas RSA # 16 Limited Partnership (the “RSA 16 Partnership”) (which holds the B band cellular license in Texas RSA 16).<sup>11</sup> The identity of the licensees will not change,<sup>12</sup> but SBC will control and become the ultimate parent company of the licensees.<sup>13</sup>

In addition to the interests that are the subject of these applications, as part of the transaction SBC will purchase GTE’s minority positions in the SBC-controlled partnerships that hold the B band cellular licenses in Dallas and San Antonio, and will also purchase a minority interest in the B band cellular license for Texas RSA 20B2. Finally, SBC will sell to GTE its minority interest in the B band Houston cellular licensee, which is currently controlled by GTE. These portions of the transaction do not involve the transfer of controlling interests, and thus do not require advance Commission approval.

### III. DESCRIPTION OF THE TRANSFEREE

SBC is a holding company whose affiliates provide wireline and wireless voice and data communications, paging, high-speed Internet access and messaging, cable and satellite television, security services and telecommunications equipment, as well as

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<sup>10</sup> GTE has a 20% general partnership interest and an 8% limited partnership interest in the RSA 11 Partnership.

<sup>11</sup> GTE has a 20% general partnership interest and a 3.2% limited partnership interest in the RSA 16 Partnership.

<sup>12</sup> The six GTE affiliates that hold the authorizations at issue are collectively referred to herein as the “GTE Licensees.”

<sup>13</sup> Under the terms of the Agreements, SBC may assign its right to purchase the interests being acquired to its wholly owned subsidiaries and affiliates.

directory advertising and publishing services. In the United States, SBC's affiliates currently serve over 90 million voice grade equivalent lines, and SBC's CMRS affiliates provide cellular and PCS service to a population of 120 million persons, both within the 13 states where SBC's affiliates are incumbent local exchange carriers and elsewhere. SBC's CMRS affiliates currently serve approximately 11.2 million cellular and PCS customers.

#### **IV. PUBLIC INTEREST STATEMENT**

##### **A. The Standard Of Review**

To approve the transfer of control of the GTE Authorizations to SBC, the Commission must find that the transfers are consistent with the public interest, convenience and necessity. See 47 U.S.C. § 310(d). In making that finding, the Commission considers (i) what markets may be affected by the transaction; (ii) whether the transaction will harm competition in any of those markets; and (iii) whether the transaction will yield affirmative public interest benefits.<sup>14</sup> In addition, the Commission must determine whether SBC is qualified to hold the GTE Authorizations.

Many transfer 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 policies and enforcement of the

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<sup>14</sup> See *In re Applications of Vodafone AirTouch, Plc and Bell Atlantic Corp.*, DA 99-2451, DA 00-721, Memorandum Opinion and Order, 2000 WL 332670, ¶ 25 (WTB/IB Mar. 30, 2000) ("*Bell Atlantic/Vodafone*"); *In re Applications of Aerial Communications, Inc. and VoiceStream Wireless Holding Corp.*, DA 00-730, Memorandum Opinion and Order, 2000 WL 339806, ¶ 30 (WTB/IB Mar. 31, 2000) ("*VoiceStream/Aerial*").

Communications Act by reducing competition or otherwise.<sup>15</sup> Such applications do not require extensive review and expenditures of considerable resources by the Commission and interested parties. As explained in detail below, this is such a transaction, and the Commission should approve the transfer applications expeditiously.

**B. The Transfer is Consistent with the Public Interest, Convenience and Necessity**

The Commission should unconditionally approve the transfer of control to SBC of the GTE Authorizations because (i) the addition of those licenses to SBC's CMRS operations will result in public interest benefits; (ii) there will be no anticompetitive effects in any market; and (iii) SBC is clearly qualified to hold these licenses.

As the Commission has repeatedly found, the public interest is well served by transactions like this one that expand the footprint of CMRS carriers.<sup>16</sup> The ability of

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<sup>15</sup> See *In re Tele-Communications, Inc. and AT&T Corp.*, Memorandum Opinion and Order, 12 FCC Rcd. 3160, ¶ 16 (1999) (citing *In re Bourbouse Tel. Co. and Fidelity Tel. Co.*, 14 FCC Rcd. 803 (1998)); *In re Applications of Ameritech Corp. and SBC Communications Inc.*, Memorandum Opinion and Order, 14 FCC Rcd. 14712, ¶ 54 (1999) (“SBC/Ameritech”).

<sup>16</sup> See, e.g., *Bell Atlantic/Vodafone* ¶¶ 32-33; *VoiceStream/Aerial* ¶¶ 43-44; *In re Applications of Comcast Cellular Holdings, Co. and SBC Communications Inc.*, Memorandum Opinion and Order, 14 FCC Rcd. 10,604, ¶ 10 (WTB 1999) (“SBC/Comcast”); *In re Applications of Vanguard Cellular Systems, Inc. and Winston, Inc.*, Memorandum Opinion and Order, 14 FCC Rcd. 3844, ¶¶ 23-24 (WTB 1999); *In re Application of 360° Communications Co. and ALLTEL Corp.*, Memorandum Opinion and Order, 14 FCC Rcd. 2005, ¶ 41 (WTB 1998); *In re Southern New England Telecommunications Corporation and SBC Communications Inc.*, Memorandum Opinion and Order, 13 FCC Rcd. 21292, ¶¶ 44-45 (1998) (“SBC/SNET”); *In re Bell Atlantic Mobile Systems, Inc. and NYNEX Mobile Communications Co.*, Memorandum Opinion and Order, 10 FCC Rcd. 13368, ¶¶ 45-46 (WTB 1995) (citing *In re Application of Corpus Christi Cellular Tel. Co.*, Memorandum Opinion and Order, 3 FCC Rcd. 1889, ¶ 19 (MSD 1988)).

the combined companies to offer a larger calling scope is clearly procompetitive because it will enhance the ability of SBC to provide wide-area, toll-free calling scopes, competitive rate plans and one-stop shopping that other CMRS carriers are offering to their customers. The creation of integrated networks will also enhance SBC's ability to offer consistent features across markets, so that consumers will enjoy uniform service features. In addition, the expansion of SBC's footprint will assist it in providing the kind of single rate plans that consumers are demanding. These are the same kinds of benefits that the Commission has cited in approving the consolidation of other wireless systems, and the same result is appropriate here. Moreover, the Commission has already ruled that the merger of GTE and Bell Atlantic serves the public interest, and the divestiture of these authorizations is a condition of that merger.

Moreover, this transaction will have no anticompetitive effects. SBC and GTE do not compete in any of the CMRS markets that are the subject of the applications. Rather, for the reasons discussed above, the transaction will actually be procompetitive. In addition, as noted, the divestiture of the GTE Authorizations is necessary to comply with the requirements of the DOJ and the Commission to ensure that the merger of GTE and Bell Atlantic would not have any anticompetitive effects. Finally, there can be no question as to the qualifications of SBC. SBC's qualifications are well known to the Commission, which has repeatedly found that it is fully qualified to control the types of authorizations at issue here.<sup>17</sup> In view of the obvious qualifications of SBC, the

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<sup>17</sup> See, e.g., *International Bureau and Wireless Telecommunications Bureau Grant Consent for Transfer of Control of Licenses of Cellular Communications of Puerto Rico, Inc., to SBC Communications Inc.*, Public Notice, 14 FCC Rcd. 13506 (WTB/IB

public interest benefits that the transaction will bring, and the lack of any possible anticompetitive effects, the Commission should approve this transaction expeditiously.

#### V. ADDITIONAL AUTHORIZATIONS

While the lists of authorizations specified in the applications for approval of the assignments are intended to be complete, the GTE Licensees may have on file, and may file for, additional authorizations for new or modified facilities, some of which may be granted during the pendency of the applications. Accordingly, Applicants request that the grant of the applications include authority for SBC to acquire the following items:

- (1) any authorization issued to any of the GTE Licensees during the Commission's consideration of the applications and the period required for consummation of the transaction following approval;
- (2) construction permits held by any of the GTE Licensees that mature into licenses after closing and that were not included in the applications; and
- (3) any applications that have been filed by any of the GTE Licensees and that are pending at the time of consummation of the transaction.

Such action would be consistent with prior decisions of the Commission.<sup>18</sup>

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1999); *SBC/Ameritech* ¶¶ 568-573; *SBC/Comcast* ¶¶ 4-5; *SBC/SNET* ¶¶ 26-27; *In re Applications of Pacific Telesis Group and SBC Communications, Inc.*, Memorandum Opinion and Order, 12 FCC Red. 2624, ¶ 11 (1997) ("*SBC/Telesis*").

<sup>18</sup> See, e.g., *SBC/Ameritech* ¶ 583; *SBC/SNET* ¶ 49; *SBC/Telesis* ¶ 93; *In re Applications of Craig O. McCaw and American Tel. & Tel. Co.*, FCC 94-238, Memorandum Opinion and Order, 9 FCC Red. 5836, ¶ 137 n.300 (1994), *aff'd sub nom. SBC Communications Inc. v. FCC*, 56 F.3d 1484 (D.C. Cir.), *recons. in part*, 10 FCC Red. 11786 (1995).



None of the licenses at issue were obtained at auction within the past three years; accordingly, transfer of control of the GTE Authorizations does not raise any unjust enrichment concerns.

On May 4, 2000, SBC and BellSouth Corporation filed applications seeking consent to transfer control of most of their domestic mobile wireless authorizations to a newly created joint venture. Assuming that the transfer of control applications for the GTE authorizations are granted, SBC intends ultimately to contribute its interests in those authorizations to the joint venture. In the event that the Commission approves the SBC/BellSouth transaction before acting on these assignment applications, Applicants will amend these applications in order to allow the joint venture to acquire control of those authorizations and will request a waiver of Sections 1.927(h) and 1.929(a)(2) of the Commission's Rules so that a new public notice will not be required.

#### **VI. CONCLUSION**

For the foregoing reasons, Applicants respectfully request that the Commission conclude that this transaction serves the public interest, convenience and necessity and that it grant the transfer applications expeditiously.