



PUBLIC NOTICE

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DA 11-1934
Released: November 22, 2011

APPLICATIONS GRANTED FOR THE TRANSFER OF CONTROL OF PAETEC HOLDING CORPORATION TO WINDSTREAM CORPORATION

WC Docket No. 11-142

On August 19, 2011, PAETEC Holding Corporation (PAETEC) and Windstream Corporation (Windstream) (together, Applicants) filed applications pursuant to section 214 of the Communications Act of 1934, as amended (Act), 47 U.S.C. § 214, seeking approval for the transfer of control of PAETEC's subsidiaries from PAETEC to Windstream.¹ PAETEC, a Delaware corporation, provides, through its competitive local exchange carrier (LEC) subsidiaries, telecommunications services primarily to business customers in the District of Columbia and in all states except Alaska. Windstream, a Delaware corporation with operations throughout much of the United States, provides incumbent LEC and competitive LEC services. As a result of the proposed transaction, Windstream would become the parent company of PAETEC and its subsidiaries.

On September 15, 2011, the Wireline Competition Bureau and the International Bureau (Bureaus) released a Public Notice requesting comment on the domestic services application.² The Bureaus received comments from the City of Rochester, New York (Rochester or the City) opposing the applications. The City noted that New York State has spent substantial resources to prepare a site to accommodate a new headquarters facility for PAETEC in Rochester, and that investment might be wasted if the transfer of control is approved.³ On November 13, 2011, the City filed a letter stating that it has reached an agreement with Windstream and that the City withdraws its opposition to the transfer of control.⁴ Rochester urges the Commission to approve the planned merger, stating that Windstream's

¹*Applications for Transfer of Control of Domestic and International Authorized Carriers Under Section 214 of the Communications Act, as Amended*, WC Docket No. 11-142 (filed Aug. 19, 2011) (Application). Applicants also filed applications for transfer of control associated with authorizations for international services. Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications.

² *Applications Filed for the Transfer of Control of PAETEC Holding Corporation to Windstream Corporation*, WC Docket No. 11-142, Public Notice, DA 11-1563 (WCB/IB Sept. 15, 2011).

³ Comments of the City of Rochester, WC Docket 11-142 (Sept. 29, 2011) at 1-2. U.S. Senator Charles E. Schumer filed a letter supporting the City of Rochester's Comments. See Letter from Senator Charles E. Schumer to Julius Genachowski, Chairman, FCC, WC Docket No. 11-142 (Sept. 8, 2011).

⁴ Letter from Robert J. Bergin, Corporation Counsel, City of Rochester to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 11-142 (filed Nov. 14, 2011).

commitments lead the City to believe that the public interest has been protected.⁵

Pursuant to Sections 4(i) and 214 of the Communications Act of 1934, as amended,⁶ and Sections 0.261 and 0.291 of the Commission's rules,⁷ the Bureaus, under delegated authority, hereby approve the applications.⁸ The Bureaus find that grant of the applications will serve the public interest, convenience, and necessity.⁹ Specifically, we find that the transaction poses no significant competitive harms and should provide benefits to residential and business customers resulting from Windstream offering a broader range of competitive services in the markets served by the combined company.¹⁰

Pursuant to Section 1.103 of the Commission's rules, 47 C.F.R. § 1.103, the consent granted herein is effective upon release of this Public Notice. By this approval, the parties are authorized to consummate the transaction described in their applications. Pursuant to Sections 1.106 and 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, petitions for reconsideration and applications for review may be filed within thirty days of the release of this Public Notice.

For further information, please contact Dennis Johnson at (202) 418-0809, or David Krech at (202) 418-7443, Policy Division, International Bureau.

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⁵ *See id.*

⁶ 47 U.S.C. §§ 154(i), 214.

⁷ 47 C.F.R. §§ 0.261 and 0.291.

⁸ ITC-T/C-20110819-00269 (PAETEC Corp.); ITC-T/C-20110819-00270 (McLeodUSA Telecommunications Services, L.L.C.); ITC-T/C-20110819-00271 (Network Telephone Corp.); ITC-T/C-20110819-00272 (US LEC LLC); ITC-T/C-20110819-00273 (TalkAmerica, Inc.); ITC-T/C-20110819-00274 (The Other Phone Company, Inc.); ITC-T/C-20110819-00275 (LDMI Telecommunications, Inc.); ITC-T/C-20110819-00276 (Intellifiber Networks, Inc.); ITC-T/C-20110819-00277 (US LEC of Georgia, Tennessee, Virginia, Florida, S. Carolina); ITC-T/C-20110819-00278 (US LEC of North Carolina, LLC).

⁹ *See* 47 U.S.C. §§ 214(a).

¹⁰ *See Joint Applications of Telephone and Data Systems, Inc. and Chorus Communications, Ltd. For Authority to Transfer Control of Commission Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 22, 63 and 90 of the Commission's Rules*, Memorandum Opinion and Order, 16 FCC Rcd 15293, 15296-99 (CCB/WTB 2001) (authorizing transfer of control involving an incumbent LEC and a competitive in-region provider of local exchange and exchange access services where overlap was limited and the transaction overall resulted in public interest benefits).