



PUBLIC NOTICE

Federal Communications Commission
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DA 03-1732
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DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF COMMONWEALTH TELEPHONE ENTERPRISES, INC.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 03-114

On April 25, 2003, Eldorado Equity Holdings, Inc. (“Eldorado”) and Commonwealth Telephone Enterprises, Inc. (“CTE”) (together “Applicants”) filed an application, pursuant to sections 63.03 and 63.04 of the Federal Communications Commission’s (Commission) rules,¹ for consent to transfer ultimate control of CTE to the public shareholders of CTE (“Transferee”).²

Applicants assert that the application qualifies for presumptive streamlined treatment under section 63.03(b)(1)(ii) of the Commission’s rules because the Transferee is not a telecommunications provider. Applicants state that following the completion of this proposed stock restructuring, it is not anticipated that any individual or group will control 10 percent or more of the voting stock of CTE.

CTE is a publicly traded company organized under Pennsylvania law which, through its subsidiaries, is engaged in a variety of communications services. CTE is the parent company of Commonwealth Telephone Company, which operates as an incumbent local exchange carrier in eastern and central Pennsylvania. CTE’s two wholly-owned subsidiaries, CTSI, LLC and Commonwealth Long Distance, provide domestic interstate interexchange services.

Eldorado is an indirect, wholly-owned subsidiary of Level 3 Communications, Inc., which offers interexchange telecommunications services nationwide as a non-dominant carrier. Eldorado holds the largest single block of common stock in CTE. Applicants state that Eldorado does not have *de jure* control over CTE, as it does not control a majority of the voting stock and does not have the power to appoint a majority of the directors or the corporate officers. Nonetheless, Applicants explain that several individuals affiliated with Eldorado’s parent company are directors of CTE, and Eldorado may exercise *de facto* control over CTE.

¹ 47 C.F.R. §§ 63.03, 63.04; *see* 47 U.S.C. § 214.

² Applicants are also filing applications for transfer of control associated with international authorizations and wireless licenses. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications.

CTE has two classes of stock. The common stock has one vote per share, and the Class B common stock has 15 votes per share. Eldorado owns approximately 50.2% of the Class B common stock, giving it approximately 29.3% of the total voting power in the corporation. Both classes of stock are publicly traded.

CTE, with Eldorado's consent, has proposed to amend its Articles of Incorporation to convert each share of Class B common stock into 1.09 shares of common stock with one vote per share. If this proposed conversion is completed, Eldorado's shares will account for approximately 4.6% of the voting power of the corporation. One other shareholder will control approximately 9%, and another will control 7%. Thus, Applicants argue that even if Eldorado is currently deemed to exercise *de facto* control over CTE, it will no longer be able to do so after the conversion. Such control would thereupon be transferred to the stockholders of CTE as a group.

The Applicants assert that granting this application will serve the public interest in promoting competition by providing CTE the opportunity to enhance its ability to attract capital and strengthen its competitive position. The principals of Level 3 have determined that financial and competitive benefits will result from the restructuring of Eldorado's holdings in CTE. Applicants state that this proposed transaction will not change the management or services provided by CTE to customers.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments within 14 days and reply comments within 21 days** of this notice.³ Unless otherwise notified by the Commission, an applicant is permitted to transfer control of the domestic lines or authorization to operate on the 31st day after the date of this notice.⁴ Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by

³ See 47 C.F.R. § 63.03(a).

⁴ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the subject line "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Vistrionix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

- (1) the Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: (202) 863-2893.
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: twilson@fcc.gov, and
- (3) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 6-A461, Washington, D.C. 20554; e-mail: dcjohnso@fcc.gov, and
- (4) William Dever, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C266, Washington, D.C. 20554; e-mail: wdever@fcc.gov; and
- (5) Imani Ellis-Cheek, Telecommunications Division, International Bureau, 445 12th Street, S.W., Room 6-A739, Washington, D.C. 20554; email: iellis@fcc.gov; and
- (6) Christopher Killion, Office of General Counsel, 445 12th Street, S.W., Room 8-C740, Washington, D.C. 20554; e-mail: ckillion@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's

duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com.

For further information, please contact Tracey Wilson, at (202) 418-1394, or Dennis Johnson (202) 418-0809.

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