



PUBLIC NOTICE

Federal Communications Commission
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DA 06-1335
June 28, 2006

DOMESTIC AUTHORIZATIONS GRANTED

Application Filed for the Transfer of Control of the CTC Communications Group, Inc. and the Choice One Communications, Inc. Subsidiaries to Surviving Corporation

WC Docket No. 06-47

Application Filed for the Transfer of Control of Conversent Communications, Inc. Subsidiaries from Conversent Communications, Inc. to CTC Communications Group, Inc. and Choice One Communications Inc.

WC Docket No. 06-85

By the Chief, Wireline Competition Bureau:

On February 22, 2006, CTC Communications Group, Inc., (“CTC Group”) and Choice One Communications Inc. (“Choice One”) filed an application, pursuant to sections 63.03 and 63.04 of the Commission’s rules,¹ seeking authority to transfer control of the CTC Group subsidiaries and the Choice One subsidiaries as a result of the merger of CTC Group with and into Choice One (“Transaction No. 1”). Additionally, on April 10, 2006, CTC Group, Choice One, and Conversent Communications, Inc. (“Conversent”) (collectively, the “Applicants”) filed an application, pursuant to sections 63.03 and 63.04 of the Commission’s rules,² requesting authority to transfer control of the Conversent subsidiaries as a result of the acquisition of Conversent by CTC Group and Choice One (“Transaction No. 2”).

The Commission released a public notice accepting each application for streamlined processing on March 27, 2006³ and May 8, 2006,⁴ respectively. On April 10, 2006, the United

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

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

³ *Domestic Section 214 Application Filed for Transfer of Control of the CTC Communications Group, Inc. and the Choice One Communications, Inc. Subsidiaries to Surviving Corporation*, WC Docket No. 06-47, Public Notice, DA 06-667 (rel. Mar. 27, 2006).

⁴ *Domestic Section 214 Application Filed for the Transfer of Control of the Conversent Communications, Inc. Subsidiaries from Conversent Communications, Inc. to CTC Communications Group, Inc. and Choice One Communications, Inc.*, WC Docket No. 06-85, Public Notice, DA 06-995 (rel. May 8, 2006).

States Department of Homeland Security (“DHS”) with the concurrence of the United States Department of Justice (“DOJ”), including the Federal Bureau of Investigation (“FBI”) (collectively, the “Executive Branch Agencies”) filed a letter requesting that the Commission defer grant of Transaction No. 1 while the Executive Branch Agencies address potential national security, law enforcement, and public safety issues.⁵ On May 22, 2006, the Executive Branch Agencies filed another letter requesting that the Commission defer grant of Transaction No. 2.⁶ In response to the requests filed by the Executive Branch Agencies, the Wireline Competition Bureau removed the applications from streamlined review.⁷

On June 23, 2006, the Executive Branch Agencies and the Applicants submitted a Joint Petition to Adopt Conditions to Authorizations and Licenses (“Joint Petition”).⁸ In the Joint Petition, the Executive Branch Agencies advised the Commission that they do not object to the grant of the applications of CTC Group, Choice One, and Conversent provided that the Commission conditions such grant on compliance with the terms of the assurances letter executed by the Parties, a copy of which was attached to the Joint Petition as Exhibit C (“Assurances Letter”).

The Wireline Competition Bureau finds, upon consideration of the record, that grant of the applications, subject to compliance with the Assurances Letter, will serve the public interest, convenience, and necessity. Upon consummation of both transactions, the resulting entity will have a market share in the U.S. interstate interexchange market of less than 10 percent, and will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier in the U.S. that is not a party to the transaction. In addition, no party to these transactions is dominant with respect to any domestic service.

Consistent with Commission precedent, the Wireline Competition Bureau accords the appropriate level of deference to the Executive Branch Agencies’ expertise on national security

⁵ See Letter from Stewart A. Baker, Assistant Secretary for Policy, United States Department of Homeland Security, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 06-47 (filed Apr. 10, 2006).

⁶ See Letter from Stewart A. Baker, Assistant Secretary for Policy, United States Department of Homeland Security, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 06-85 (filed May 22, 2006). See also Letter from Stewart A. Baker, Assistant Secretary for Policy, United States Department of Homeland Security, to Marlene H. Dortch, FCC, WC Docket No. 06-85 and ITC-T/C-20060410-00227, ITC-T/C-20060410-00228, and ITC-T/C-20060410-00229 (filed May 22, 2006). The Executive Branch Agencies filed a revised letter on May 24, 2006.

⁷ See *Notice of Removal of Domestic Section 214 Application From Streamlined Treatment*, WC Docket No. 06-47, Public Notice, DA 06-873 (rel. Apr. 18, 2006); *Notice of Removal of Domestic Section 214 Application From Streamlined Treatment*, WC Docket No. 06-85, Public Notice, DA 06-1149 (rel. May 30, 2006).

⁸ See Joint Petition to Adopt Conditions to Authorizations and Licenses, WC Docket No. 06-47 and ITC-T/C-20060222-00100, ITC-T/C-20060222-00101, ITC-T/C-20060222-00102, ITC-T/C-20060222-00103, ITC-T/C-20060222-00105, ITC-T/C-20060222-00106; WC Docket No. 06-85 and ITC-T/C-20060410-00227, ITC-T/C-20060410-00228, and ITC-T/C-20060410-00229 (filed June 23, 2006).

and law enforcement issues.⁹ Therefore, pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and section 0.291 of the Commission's rules,¹⁰ the Wireline Competition Bureau hereby grants the applications discussed in this Public Notice.

Pursuant to section 1.103 of the Commission's rules, the grant is effective upon release of this Public Notice.¹¹ Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules may be filed within 30 days of the date of this Public Notice.¹²

For further information, please contact CeCi Seppings at (202) 418-1588 or Denise Coca at (202) 418-0574, Competition Policy Division, Wireline Competition Bureau.

⁹ The Commission considers national security, law enforcement, foreign policy, and trade policy concerns when analyzing a transfer of control or assignment application in which foreign ownership is an issue. *See Amendment of the Commission's Regulatory Policies to Allow Non-U.S. Licensed Satellites Providing Domestic and International Service in the United States*, Report and Order, 12 FCC Rcd 24094, 24170-72, paras. 178-82 (1997); *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891, 23919-21, paras. 61-66 (1997) ("*Foreign Participation Order*"), Order on Reconsideration, 15 FCC Rcd 18158 (2000). In assessing the public interest, the Commission considers the record and accords the appropriate level of deference to Executive Branch expertise on national security and law enforcement issues. *See Foreign Participation Order*, 12 FCC Rcd at 23919-21, paras. 61-66.

¹⁰ 47 C.F.R. § 0.291.

¹¹ *See* 47 C.F.R. § 1.103.

¹² *See* 47 C.F.R. §§ 1.106, 1.115.