



PUBLIC NOTICE

Federal Communications Commission
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DA 06-1568
August 1, 2006

DOMESTIC AUTHORIZATIONS GRANTED

**Application for Acquisition of Certain Assets of Central Utah Communications Leasing, LC
by Zone USA, Inc. (d/b/a Zone Telecom, Inc.)**

WC Docket No. 06-31

**Application for Acquisition of Certain Assets of Strategic Alliance Management, Inc.
by Zone USA, Inc. (d/b/a Zone Telecom, Inc.)**

WC Docket No. 06-35

By the Chief, Wireline Competition Bureau:

On January 24, 2006, Zone USA, Inc. d/b/a Zone Telecom, Inc. (“Zone Telecom, Inc.”) and Central Utah Communications Leasing, LC (“CUCL”) (collectively, “Zone 1 Applicants”), filed an application, pursuant to section 63.04 of the Commission’s rules,¹ seeking approval to transfer control of certain assets of CUCL to Zone Telecom, Inc.² On January 24, 2006, Zone Telecom, Inc. and Strategic Alliance Management, Inc. (“SAM”) (collectively, “Zone 2 Applicants”), filed an application, pursuant to section 63.04 of the Commission’s rules,³ seeking approval to transfer control of certain assets of SAM to Zone Telecom, Inc.⁴

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

² Zone 1 Applicants filed an amendment to their application on February 8, 2006 providing additional ownership information for Zone Telecom, Inc. Zone 1 Applicants have also filed applications for transfer of control associated with authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related, pending applications.

³ 47 C.F.R. § 63.04; *see* 47 U.S.C. § 214.

⁴ Zone 2 Applicants filed an amendment to their application on February 8, 2006 providing additional ownership information for Zone Telecom, Inc. and revised exhibits to their application. Zone 2 Applicants have also filed applications for transfer of control associated with authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related, pending applications.

The Commission released public notices accepting these applications for streamlined processing on February 22, 2006.⁵ On March 8, 2006, the Department of Homeland Security, with concurrence of the Department of Justice, including the Federal Bureau of Investigation (collectively, the “Executive Branch Agencies”), filed a letter requesting that the Commission defer grant of these applications while the Executive Branch Agencies address potential national security, law enforcement, and public safety concerns.⁶ On July 27, 2006, the Executive Branch Agencies withdrew their March 8, 2006 request to defer action on the applications noting that they have no objection to the applications.⁷

The Wireline Competition Bureau finds, upon consideration of the record, that grant of these applications will serve the public interest, convenience, and necessity. Upon consummation of these transactions, Zone Telecom, Inc. and its affiliates will hold less than a 10% share of the interstate, interexchange market, and will provide local exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transactions. In addition, none of the applicants in either transaction or their affiliates are dominant with respect to any U.S. domestic telecommunications service.

Consistent with Commission precedent, the Bureau accords the appropriate level of deference to the Executive Branch Agencies’ expertise on national security and law enforcement issues.⁸ 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,⁹ the Wireline Competition Bureau hereby grants these applications discussed in this Public Notice.

⁵ *Domestic Section 214 Application filed for Acquisition of Certain Assets of Central Utah Communications Leasing, LC by Zone USA, Inc. (d/b/a Zone Telecom, Inc.)*, WC Docket No. 06-31, Public Notice, DA 06-395 (rel. Feb. 22, 2006); *Domestic Section 214 Application filed for Acquisition of Certain Assets of Strategic Alliance Management, Inc. by Zone USA, Inc. (d/b/a Zone Telecom, Inc.)*, WC Docket No. 06-35, Public Notice, DA 06-396 (rel. Feb. 22, 2006).

⁶ See Letter from Stewart A. Baker, Assistant Secretary for Policy, Planning, and International Affairs, United States Department of Homeland Security, to Marlene H. Dortch, FCC, WC Docket Nos. 06-31 and 06-35 & IB File Nos. ITC-T/C-20060109-00012; ITC-T/C-20060123-00034; and ITC-T/C-20060123-00035 (filed March 8, 2006); see also *Notice of Removal of Domestic Section 214 Application from Streamlined Treatment*, WC Docket No. 06-31, Public Notice, DA 06-626 (rel. March 17, 2006); *Notice of Removal of Domestic Section 214 Application from Streamlined Treatment*, WC Docket No. 06-35, Public Notice, DA 06-625 (rel. March 17, 2006).

⁷ See Letter from Stewart A. Baker, Assistant Secretary for Policy, Planning, and International Affairs, United States Department of Homeland Security, to Marlene H. Dortch, FCC, WC Docket Nos. 06-31 and 06-35 & IB File Nos. ITC-T/C-20060109-00012; ITC-T/C-20060123-00034; and ITC-T/C-20060123-00035 (filed July 27, 2006).

⁸ 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.

⁹ 47 C.F.R. § 0.291.

Pursuant to section 1.103 of the Commission's rules, the grant is effective upon release of this Public Notice.¹⁰ 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.¹¹

For further information, please contact Adam Kirschenbaum at (202) 418-7280.

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¹⁰ See 47 C.F.R. § 1.103.

¹¹ See 47 C.F.R. §§ 1.106, 1.115.