



PUBLIC NOTICE

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DOMESTIC SECTION 214 APPLICATION GRANTED FOR THE TRANSFER OF CONTROL OF THE SUBSIDIARIES OF ELECTRIC LIGHTWAVE PARENT, INC. TO ZAYO GROUP, LLC

WC Docket No. 16-401

Electric Lightwave Parent, Inc. (EL Parent) and Zayo Group, LLC (Zayo) (together, Applicants) filed an application, pursuant to section 214 of the Communications Act of 1934, as amended, and section 63.03 of the Commission's rules, requesting consent to transfer control of the operating subsidiaries of EL Parent (collectively, Licensees) to Zayo.¹

EL Parent functions as a holding company and does not, itself, provide telecommunications services.² The Licensees operate primarily as competitive telecommunications carriers in Arizona, California, Colorado, Idaho, Minnesota, Montana, Nevada, North Dakota, Oregon, Utah, and Washington.³ One of the Licensees, Scott-Rice Telephone Co. (SRTC), is an incumbent local exchange carrier (LEC) serving the Prior Lake, New Market, and Webster exchanges in Minnesota.⁴ Zayo is a

¹ See 47 U.S.C. § 214; 47 CFR § 63.03. Joint Application of Zayo Group, LLC and Electric Lightwave Parent, Inc. for Grant of Authority Pursuant to Section 214 of the Communications Act and Sections 63.04 and 63.24 of the Commission's Rules to Transfer Indirect Control of Domestic and International Section 214 Authorization Holders to Zayo Group, LLC, WC Docket No. 16-401 (filed Dec. 9, 2016) (Application). Any action on the domestic section 214 application is without prejudice to Commission action on other related, pending applications. Applicants filed supplements to their domestic section 214 application on December 20 and 21, 2016. Supplement to Joint Application, WC Docket No. 16-401 (filed Dec. 20, 2016) (First Supplement); Letter from Brett P. Ferenchak, Counsel for Zayo, and Douglas Denney, Counsel for EL Parent, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 16-401 (filed Dec. 21, 2016) (Second Supplement).

² Application at 2.

³ Applicants identified the following Licensees and described their service territories in the Application: Advanced TelCom, Inc., Electric Lightwave, LLC, Electric Lightwave Holdings, Inc., Eschelon Telecom, Inc., Eschelon Telecom of Arizona, Inc., Eschelon Telecom of Colorado, Inc., Eschelon Telecom of Minnesota, Inc., Eschelon Telecom of Nevada, Inc., Eschelon Telecom of Oregon, Inc., Eschelon Telecom of Utah, Inc., Eschelon Telecom of Washington, Inc., Integra Telecom of Idaho, Inc., Integra Telecom of Minnesota, Inc., Integra Telecom of North Dakota, Inc., Integra Telecom of Oregon, Inc., Integra Telecom of Utah, Inc., Integra Telecom of Washington, Inc., Mountain Telecommunications of Arizona, Inc., OneEighty Communications, Inc., opticAccess, LLC, Oregon Telecom, Inc., Scott-Rice Telephone Co., Shared Communications Services, Inc., United Communications, Inc., and World Communications, Inc. Application at 14-16 and Exh. A (List of Licensees).

⁴ Application at 14.

wholly owned subsidiary of Zayo Group Holdings, Inc. and is authorized to provide competitive LEC and interexchange services in the District of Columbia and every state except Alaska and Hawaii.⁵

On December 22, 2016, the Wireline Competition Bureau (Bureau) released a Public Notice requesting comment on the Application.⁶ No party filed comments in opposition to a grant of the proposed transaction. The Bureau finds, upon consideration of the record, that a grant of the Application will serve the public interest, convenience, and necessity.⁷ We find that the proposed transaction is not likely to result in significant competitive harms⁸ and should likely result in some public interest benefits related to the increased ability of the combined company to serve customers on its own facilities and become a more effective competitor to incumbent providers.⁹ Therefore, pursuant to section 214 of the Act, 47 U.S.C. § 214, and sections 0.91 and 0.291 of the Commission's rules, 47 CFR §§ 0.91, 0.291, the Bureau hereby grants the Application listed in this Public Notice.

Pursuant to section 1.103 of the Commission's rules, 47 CFR § 1.103, the grant is effective upon release of this Public Notice. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 CFR §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice. Should no petitions for reconsideration, applications for review, or petitions for judicial review be timely filed, the proceeding listed in this Public Notice shall be terminated, and the docket will be closed. For further information, please contact Dennis Johnson, Wireline Competition Bureau, (202) 418-0809.

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⁵ *Id.* at 16. According to Applicants, Zayo's affiliate, Onvoy, LLC, provides certain telecommunications services in the incumbent LEC territory of SRTC. They state that Onvoy, LLC does not currently provide retail telecommunications services in the territory of SRTC but provides operator services, busy line verification, directory assistance, and access tandem services. Second Supplement at 1.

⁶ *Domestic Section 214 Applications Filed for the Transfer of Control of the Subsidiaries of Electric Lightwave Parent, Inc. to Zayo Group, LLC.*, WC Docket No. 16-401, Public Notice, DA 16-1443 (WCB 2016).

⁷ 47 U.S.C. § 214(a); 47 CFR § 63.03(b); *see, e.g., Applications Filed for the Transfer of Control of tw telecom inc. to Level 3 Communications, Inc.*, Memorandum Opinion and Order, 29 FCC Rcd 12842, 12847, para. 14 (WCB/IB 2014) (finding that the combination of two smaller LECs with largely complimentary networks could be a stronger competitor to large national providers, thereby resulting in benefits for consumers).

⁸ Applicants state that Zayo and Licensees both provide fiber to approximately 419 buildings and assert that there are multiple competitors, including the incumbent LEC and a cable company, serving the markets in which the companies overlap: Phoenix, AZ, Bay Area, CA, Sacramento, CA, Boise, ID, Portland, OR, Salt Lake City, UT, Seattle, WA, and Spokane, WA. First Supplement at 2-3; Second Supplement at 1.

⁹ Application at 17-18 (asserting that the Zayo network compliments the network of Licensees and that, post-transaction, Licensees will be able to offer multi-location business and enterprise services across a larger fiber footprint). *See Domestic and International Section 214 Applications Granted for the Transfer of Control of EarthLink Holdings Corp. to Windstream Holdings, Inc.*, WC Docket No. 16-393, Public Notice, DA 17-92 (WCB/IB 2017); *Applications of XO Holdings and Verizon Communications, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, DA 16-1281, para. 61 (WCB/IB/WTB 2016) (*Verizon/XO Order*) (finding that Verizon's acquisition of XO's fiber network would deepen and expand Verizon's fiber facilities to better serve customers). While we ascribe some weight to Applicants' claimed benefits, the Applicants did not provide quantifiable evidence to determine the full extent of the benefits. Consistent with the Commission's "sliding scale" approach to evaluating the public benefits of a transaction, *see AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd 5662, 5761-62, para. 203 (2007); *Verizon/XO Order* at para. 65, we accept this lesser showing where we have found no material public interest harms.