



# PUBLIC NOTICE

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**DA 00-959**

**Released: April 28, 2000**

## COMMISSION SEEKS COMMENT ON ADDITIONAL FILINGS SUBMITTED BY BELL ATLANTIC CORPORATION AND GTE CORPORATION

**CC DOCKET NO. 98-184**

**Comments on Applicants' further submissions due: May 5, 2000**

**Responses on Applicants' further submissions due: May 9, 2000**

**Petitions/Comments on the cable landing license and associated section 214 transfer due:  
May 19, 2000**

### FURTHER SUBMISSIONS BY APPLICANTS

On January 27, 2000, Bell Atlantic Corporation and GTE Corporation (the Applicants) submitted supplemental materials in connection with their joint applications under sections 214 and 310(d) of the Communications Act, 47 U.S.C. §§ 214 and 310(d), requesting Commission approval of the transfer of control to Bell Atlantic of licenses and authorizations controlled or requested by GTE or its affiliates or subsidiaries.<sup>1</sup> Since that time, the Applicants have made further submissions that contain revisions to proposals made by the Applicants in their January 27th filing. We seek comment on the Applicants' further submissions, in particular the following:

1. *Internet Backbone Spinoff.* The Applicants today submitted a revised proposal for transferring the Internet backbone and related assets of GTE Internetworking Incorporated (now known as Genuity Incorporated) to a separate public corporation (referred to herein as "Genuity") that would be owned and controlled by public shareholders and operated independently of the merged Bell

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<sup>1</sup> See *Commission Seeks Comment on Supplemental Filing Submitted by Bell Atlantic Corporation and GTE Corporation*, CC Docket No. 98-184, Public Notice, DA 00-165 (Jan. 31, 2000). See also *GTE Corporation and Bell Atlantic Corporation Seek FCC Consent for a Proposed Transfer of Control and Commission Seeks Comment on Proposed Protective Order filed by GTE and Bell Atlantic*, CC Docket No. 98-184, Public Notice, DA 98-2035 (Oct. 8, 1998) (listing the types of authorizations and licenses involved in the proposed transaction).

Atlantic/GTE entity. Under the revised proposal, after an initial public offering of Class A common stock, the merged Bell Atlantic/GTE will receive shares of Genuity Class B stock that will have less than 10% of the voting rights and right to dividends or other distributions, along with a potential right to convert its interest to up to 80% of Genuity in accordance with certain conversion principles outlined in the filing.

Under those conversion principles, the proposal states that the merged entity's right to convert arises only after it eliminates applicable section 271 restrictions representing 50% of Bell Atlantic's total in-region access lines within five years of the merger's close. Prior to achieving the 50% threshold, the merged entity will be entitled to no more than a 10% interest in Genuity.

Assuming the 50% threshold is met, under the proposal, the merged entity may exercise its conversion rights for the purpose of immediately bringing Genuity's business into compliance with section 271 provided that it has eliminated section 271 restrictions as to at least 95% of total Bell Atlantic lines, and the arrangement conforms to a revenue restriction contained in an agreement between the merged entity and Genuity. If the merged entity sells the conversion right before achieving a 95% section 271 threshold, it would receive none of Genuity's appreciation (other than on the up-to-10% interest), and would receive the value of the merged entity's initial investment plus a rate of return based on the S&P 500.

In addition to revising the conversion principles, the Applicants modified certain other aspects of the proposal, including the investor safeguards and structure of Genuity's Board of Directors.

2. *Commercial Contracts Between Genuity and Merged Entity.* On April 3, 2000, the Applicants submitted commercial contracts that will govern the post-spinoff relationship between Genuity and the merged Bell Atlantic/GTE entity. The contracts contain confidential materials and were filed under seal pursuant to the terms of the Protective Order in this proceeding.<sup>2</sup>
3. *Proposed Merger Conditions.* The Applicants today submitted a comprehensive version of their proposed conditions. This version encompasses the revised proposed conditions filed by the Applicants on April 14, 2000, as well as errata to the revised conditions submitted on April 17, 2000 and today. To facilitate evaluation of all of the revisions, the Applicants today also submitted a copy of the current proposed conditions redlined against their January 27th version, to show changes since that version. Comments on today's submissions should refer to

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<sup>2</sup> See *In the Matter of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer of Control*, CC Docket No. 98-184, Order Adopting Protective Order, DA 98-2348 (Nov. 19, 1998).

paragraph numbers as set forth in today's comprehensive version, where applicable.

Copies of the submissions described above are available through the Commission's Electronic Comment Filing System (ECFS) on the Commission's Internet home page (<http://www.fcc.gov>), or through International Transcription Service, Inc., the Commission's duplicating contractor, 445 12<sup>th</sup> Street, S.W., CY-B402, Washington, D.C. 20554, (202) 857-3800.

Interested parties may file comments regarding these further submissions not later than **May 5, 2000**. Responses to these comments and petitions may be filed not later than **May 9, 2000**. In accordance with Section 1.51(c) of the Commission's Rules, 47 C.F.R. §1.51(c), an original and four copies of all pleadings must be filed with the Commission's Secretary, Magalie Roman Salas, 445 Twelfth Street, S.W., TW-A325, Washington, D.C. 20554. In addition, copies of each pleading must be filed with other offices in the following manner: (1) one copy with International Transcription Service, Inc., the Commission's duplicating contractor, 445 12<sup>th</sup> Street, S.W., CY-B402, Washington, D.C. 20554, (202) 857-3800; (2) one copy with Janice Myles of the Policy and Program Planning Division, Common Carrier Bureau, 445 Twelfth Street, S.W., Room 5-C327, Washington, D.C. 20554; and (3) six copies with Julie Patterson, Policy and Program Planning Division, Common Carrier Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C134, Washington, D.C. 20554.

In addition to filing paper comments, parties may also file comments using the Commission's Electronic Comment Filing System (ECFS). 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. In completing the transmittal screen, commenters should include their full name, Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. For filing instructions for e-mail comments, commenters should send an e-mail to [ecfs@fcc.gov](mailto:ecfs@fcc.gov) and should include the following words in the body of the message: "get form <your e-mail address.>" A sample form and directions will be sent in reply.

Copies of the applications and any subsequently filed documents in this matter may be obtained from International Transcription Service, Inc., 445 12<sup>th</sup> Street, S.W., CY-B402, Washington, D.C. 20554, (202) 857-3800. Electronic versions of the documents are also available on the FCC's Internet Home Page (<http://www.fcc.gov>) through the Commission's Electronic Comment Filing System. Copies of the applications and documents are also available for public inspection and copying during normal reference room hours at the Commission's Reference Center, 445 12<sup>th</sup> Street, S.W., CY-A257, Washington, D.C. 20554.

## **APPLICATIONS FOR TRANSFER OF CONTROL**

In conjunction with the spinoff of GTE Internetworking into a separate public corporation, GTE Corporation filed applications pursuant to section 214 of the Communications Act, 47 U.S.C. § 214, and the Cable Landing License Act, requesting Commission approval to transfer control to Genuity of certain domestic and international section 214 authorizations and cable landing licenses currently held by various GTE subsidiaries. GTE Telecom Incorporated, a subsidiary of GTE Corporation, provides domestic interexchange and international wholesale services. Upon completion of the transactions contemplated in the applications, GTE Telecom Incorporated will be wholly-owned and under the corporate control of Genuity. In addition, prior to the transfer of GTE Telecom Incorporated to Genuity, GTE Corporation will assign the cable landing license (and associated international section 214 authorization) for the AMERICAS-II submarine cable currently held by GTE Communications Corporation (a subsidiary of GTE Corporation) to GTE Telecom Incorporated. The other two cable landing licenses for which authority to transfer control to Genuity is sought (the Japan-U.S. cable landing license and the TAT-14 cable landing license) currently are held by GTE Intelligent Network Services.

## **I. DOMESTIC SECTION 214 APPLICATION**

GTE Telecom Incorporated, a provider of domestic interexchange and international wholesale services, operates pursuant to blanket domestic section 214 authority under section 63.01 of the Commission's rules. In the domestic section 214 application, GTE Corporation and Genuity request authority to transfer control of the blanket domestic section 214 authorization held by GTE Telecom Incorporated from GTE Corporation to Genuity.

## **II. STREAMLINED INTERNATIONAL SECTION 214 APPLICATION**

### **Part 63—International Service (47 C.F.R. § 63.18)**

The international Section 214 application listed below has been found, upon initial review, to be acceptable for filing and subject to the streamlined processing procedures set forth in Section 63.12 of the Commission's rules, 47 C.F.R. § 63.12. This application is for authority under Section 214 of the Communications Act, 47 U.S.C. §214, to transfer control of a global international Section 214 authorization. This application can be removed from streamlined processing only in the sound discretion of Commission staff. The filing of comments or of petitions to deny will not necessarily result in the application being deemed ineligible for streamlined processing.

Streamlined grant of this application is conditioned upon the applicants' statement that they will not transfer these licenses and authorizations unless and until the Commission grants the underlying license transfer application in CC Docket No. 98-184. Streamlined grant would in no way prejudice the outcome of the pending license transfers in CC Docket No. 98-184.

**File No.**  
ITC-214-19990708-00391

**Licensee**  
GTE Telecom Incorporated

Global facilities-based and resale authorization.  
(Transferee requests classification as nondominant to the Dominican Republic and Venezuela).

### **III. CABLE LANDING LICENSE ACT APPLICATIONS AND ASSOCIATED INTERNATIONAL SECTION 214 APPLICATION**

The following applications for consent to transfer control of Cable Landing License Act authorizations have been found, upon initial review, to be acceptable for filing. These applications are not subject to the streamlined processing procedures set forth in Section 63.12 of the Commission's rules, 47 C.F.R. § 63.12. These applications will not be acted upon until the Commission affirmatively acts upon them in CC Docket No. 98-184 by written order. Operation for which authorization is sought may not commence except in accordance with any terms or conditions imposed by the Commission.

**File No.**

File No. SCL-98-003/SCL-98-003A  
AMERICAS-II Cable

**Licensee**

GTE Telecom Incorporated  
(with pro forma assignment first from GTE Communications Corp. to GTE Telecom Incorporated)

File No. SCL-LIC-19990303-00004  
TAT-14 Cable

GTE Intelligent Network Services

**File No.**

File No. SCL-LIC-19981117-00025  
Japan-U.S. Cable

**Licensee**

GTE Intelligent Network Services

The international Section 214 application listed below, which is associated with the cable landing license File No. SCL-98-003/SCL-98-003A listed above, has been found, upon initial review, to be acceptable for filing. This application is not subject to the streamlined processing procedures set forth in Section 63.12 of the Commission's rules, 47 C.F.R. § 63.12. This application will not be acted upon until the Commission affirmatively acts upon it in CC Docket No. 98-184 by written order. Operation for which authorization is sought may not commence except in accordance with any terms or conditions imposed by the Commission.

**File No.**

ITC-98-342/ ITC-98-342A  
AMERICAS-II Cable  
(Transferee requests classification as nondominant to the Dominican Republic and Venezuela).

**Licensee**

GTE Telecom Incorporated  
(with pro forma assignment first from GTE Communications Corp. to GTE Telecom Incorporated).

Interested parties may file comments with respect to the cable landing licenses referenced above, and the international Section 214 authorization associated with cable landing license File No. SCL-98-003/SCL-98-003A, referenced above, **by May 19, 2000.**

The Commission reserves the right to return any of the above listed international applications if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules or policies.

### **EX PARTE STATUS**

Parties are reminded that this proceeding has been designated as "permit but disclose" for purposes of the Commission's *ex parte* rules.<sup>1</sup> As a "permit but disclose" proceeding, *ex parte* presentations will be governed by the procedures set forth in Section 1.1206 of the Commission's rules that are applicable to non-restricted proceedings.<sup>2</sup> In this regard, memoranda summarizing the presentation must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented is generally required.<sup>3</sup> Additional rules pertaining to oral and written presentations are set forth in Section 1.1206(b). Interested parties are to file all *ex parte* submissions with the Commission Secretary, Magalie Roman Salas, 445 Twelfth Street, S.W., TW-A325, Washington, D.C. 20554, and file copies of any such submission with (1) Johanna Mikes, Common Carrier Bureau, 445 Twelfth Street, S.W., Room 5-C163, Washington, D.C. 20554; and (2) International Transcription Service, Inc., the Commission's duplicating contractor, 445 12<sup>th</sup> Street, S.W., CY-B402, Washington, D.C. 20554.

Parties are further reminded of the continuing effectiveness of this proceeding's protective order, which the Common Carrier Bureau adopted on November 18, 1998, and under which counsel to parties to this proceeding are able to obtain access to confidential information provided by the Applicants. Accordingly, only parties that have signed the protective order may have access to the materials subject to the terms and conditions of the protective order.

For further information, contact Julie Patterson, (202) 418-1381, or Johanna Mikes, (202) 418-1535, of the Policy and Program Planning Division, Common Carrier Bureau. For information concerning the international 214 and cable landing license transfers, contact Elizabeth Nightingale, (202) 418-2352, of the Telecommunications Division, International Bureau.

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<sup>1</sup> See generally 47 U.S.C. §§ 1.1200-1.1216.

<sup>2</sup> An *ex parte* presentation is any communication (spoken or written) directed to the merits or outcome of a proceeding made to a Commissioner, a Commissioner's assistant, or other decision-making staff member that, if written, is not served on other parties to the proceeding, or, if oral, is made without an opportunity for all parties to be present. 47 C.F.R. § 1.1201.

<sup>3</sup> See 47 C.F.R. § 1.1206(b)(2), as revised.