



PUBLIC NOTICE

Federal Communications Commission
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DA 04-1637
Released: June 04, 2004

DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF RURAL LEC ACQUISITION LLC

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 04-193

Comments Due: June 18, 2004
Reply Comments Due: June 25, 2004

On May 12, 2004, Rural LEC Acquisition LLC (“RLEC”), Otelco Telecommunications LLC, Otelco Telephone LLC, Hopper Telecommunications Company, Inc., Brindlee Mountain Telephone Company, Blountsville Telephone Company, Inc., and Mid-Missouri Telephone Company (collectively, “Applicants”) filed an application, pursuant to sections 63.03 and 63.04(b) of the Commission’s rules,¹ requesting approval to transfer control of RLEC and its successor in interest, Otelco Inc., in the context of an initial public offering.²

Applicants assert that the proposed transaction is eligible for presumptive streamlined treatment under section 63.03(b)(2)(iii) of the Commission’s rules because the proposed transaction will result in Otelco subsidiaries having a market share in the interstate, interexchange market of less than 10 percent; the transferee would provide competitive telephone 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 transaction; Applicants are incumbent local exchange carriers that have fewer than two percent of the nation’s subscriber lines installed in the aggregate nationwide, and the transaction would create no new overlapping or adjacent service areas.

Applicants Otelco Telephone LLC, Hopper Telecommunications Company, Inc., Brindlee Mountain Telephone Company, and Blountsville Telephone Company, Inc., are rural

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

² Applicants are also filing an application for consent to transfer control of authorization for international and wireless services. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications.

local exchange carriers (“LECs”) providing basic local exchange, exchange access, and vertical as well as DSL services in rural portions of north central Alabama. Applicant Otelco Telecommunications LLC offers domestic and international long distance service to local service customers of the four Alabama LECs. RLEC, a closely-held Delaware limited liability company, is the indirect parent of the four Alabama LECs and their long distance affiliate; RLEC owns 100% of Otelco Holdings, LLC, which owns (i) Otelco Telephone LLC, (ii) Otelco Telecommunications LLC, (iii) through its ownership of Page and Kiser Communications, Inc., Blountsville Telephone Company, Inc. (iv) through its ownership of Brindlee Holdings LLC, Brindlee Mountain Telephone Company, and (v) through its ownership of Hopper Holding Company, Inc., Hopper Telecommunications Company. At present, RLEC has four direct 10 percent-or-greater owners: CEA Capital Partners USA, L.P., BancBoston Ventures, Inc., Seaport Capital Partners II, L.P., and CEA Capital Partners USA CI, L.P. In addition, RLEC has several indirect owners: CEA Investment Partners, L.P., CEA Capital Corp., Atlantic American Holdings, Inc., J. Patrick Michaels, Fleet Boston Financial Corp., CEA Investment Partners II, LLC, and Seaport Associates, LLC.

Applicant Mid-Missouri Telephone Company is a LEC providing basic local exchange, exchange access, and vertical as well as DSL services in rural portions of central Missouri. Mid-Missouri Holding Corp. owns 100% of the shares of Mid-Missouri Telephone Company, and Mid-Missouri Parent, LLC owns 100% of Mid-Missouri Holding Corp. Upon consummation of the acquisition of Mid-Missouri Holding Corp., RLEC (and its successor, Otelco) will indirectly own and operate five independent rural local exchange carrier properties operating in rural north central Alabama and central Missouri.

Prior to this acquisition, RLEC proposes (1) the merger of Otelco Holdings LLC into its parent company, RLEC and (2) a *pro forma* conversion of RLEC into a Delaware corporation, changing its name to Otelco Inc. (“Otelco”). Otelco proposes to conduct a public offering whereby it will issue Income Deposit Securities (“IDS”), each of which will represent one share of Class A Common Stock and a note representing senior subordinated debt. The offering is expected to reduce the current owners’ collective interest to an amount not exceeding 20%. Furthermore, the original equity holders collectively will hold no less than 10%, having granted an option to the underwriters as an over-allotment contingency. It is anticipated that the IDSs will, following the public offering, be widely held, and that no single shareholder will hold a controlling interest in Otelco. As part of the proposed transaction, RLEC’s successor proposes to acquire the stock of Mid-Missouri Holding Corp. Mid-Missouri Holding Corp. will survive as a wholly owned subsidiary of Otelco. Mid-Missouri Parent, LLC will receive IDSs and shares of Otelco.

Applicants contend that the proposed transaction is in the public interest. After the proposed transaction, each LEC will continue to exist and operate in its same service territory, under the same trade name, providing service pursuant to existing rates, terms and conditions. Applicants state that the proposed transactions will, accordingly, be transparent to consumers. Applicants state that the proposed ownership structure and investment participation will provide capital for the improvement and expansion of telecommunications services within existing service areas, may allow both the payoff of existing debt and also access to additional capital to

assist with strategic and economic acquisitions as such opportunities may arise. Moreover, the Applicants assert that the proposed transaction will enable customers of both the Alabama and Missouri rural operating companies to experience the benefit of projected efficiencies in operations which the consolidation promises.

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 on or before June 18, 2004** and **reply comments on or before June 25, 2004**.³ Unless otherwise notified by the Commission, Applicants are permitted to transfer control 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 Internet e-mail. To get filing instructions for e-mail comments, commenters should send 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, Natek, 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

³ See 47 C.F.R. § 63.52(b).

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

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, Best Copy and Printing, Inc., 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone 1-800-378-3160, or via e-mail www.bcpweb.com.
- (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;
- (3) Kimberly Jackson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C142, Washington, D.C. 20554; e-mail: kimberly.jackson@fcc.gov;
- (4) Julie Veach, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C124, Washington, D.C. 20554; e-mail: julie.veach@fcc.gov;
- (5) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; email: susan.o'connell@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, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone 1-800-378-3160, or via e-mail www.bcpweb.com.

For further information, please contact Tracey Wilson, at (202) 418-1394, or Kimberly Jackson at (202) 418-7393.

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