



PUBLIC NOTICE

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DA 07-4146
Released: October 3, 2007

**DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL
OF CANNON VALLEY COMMUNICATIONS, INC. AND ITS SUBSIDIARY CANNON
VALLEY TELECOM, INC. TO RURAL COMMUNICATIONS HOLDING CORPORATION**

NON-STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 07-219

Comments Due: October 17, 2007
Reply Comments Due: October 24, 2007

On September 21, 2007, Cannon Valley Communications, Inc. (“Cannon Valley” or “Transferors”) and Rural Communications Holding Corporation (“RCHC” or “Transferees,” collectively “Applicants”) filed an application pursuant to sections 63.03 and 63.04 of the Commission’s rules¹ requesting approval to transfer control of Cannon Valley and its wholly-owned subsidiary, Cannon Valley Telecom, Inc. (“CVT”), from the current shareholders of Cannon Valley to RCHC.

The Applicants do not seek streamlined treatment for this application under section 63.03(b) of the Commission’s rules.² CVT, a Minnesota corporation, is an incumbent local exchange carrier (“LEC”) that serves the Bricelyn (Faribault County), Freeborn (Freeborn County), Frost (Faribault County), and Morristown (Rice County) exchanges in rural south central Minnesota. RCHC owns five incumbent LECs that serve 10 rural local exchanges in southern Minnesota and northern Iowa: Blue Earth Valley Telephone Company (“Blue Earth”), a Minnesota corporation that serves the Blue Earth, Elmore, Guckeen, Huntley, Wells, and Winnebago exchanges in south central Minnesota; Easton Telephone Company (“Easton”), a Minnesota corporation that serves the Easton exchange in south central Minnesota; Eckles Telephone Company (“Eckles”), a Minnesota corporation that serves the New Prague exchange in eastern Minnesota; Shell Rock Telephone Company (“Shell Rock”), an Iowa corporation that serves the Shell Rock exchange in northern Iowa, and Minnesota Lake Telephone Company (“Minnesota Lake”), a Minnesota corporation that serves the Minnesota Lake exchange in south central Minnesota. The local exchange service areas of CVT’s Bricelyn, Frost, and Freeborn exchanges are adjacent to the service areas of RCHC’s Blue Earth, Elmore, Wells, and Easton exchanges. Applicants state that RCHC’s incumbent LEC subsidiaries and CVT have, in combination, fewer than two percent of the nation’s subscriber lines installed in the aggregate nationwide, but, because of the

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

² 47 C.F.R. § 63.03(b).

adjacent service areas the Applicants have identified, this application is not entitled to presumptive streamlined treatment.

Cannon Valley, a Minnesota corporation, is a holding company that provides no telecommunications services. Its wholly-owned subsidiary, CVT, is an incumbent LEC serving the areas identified above. Cannon Valley's wholly-owned subsidiary, Cannon Valley Cellular, Inc., also a Minnesota corporation, provides wireless services in the Brice lyn, Freeborn, Frost, Morristown, and Warsaw, Minnesota areas. Cannon Valley also holds a 33.33 membership interest in Tri-Central Transport Group ("Tri-Central"), a Minnesota limited liability company that provides telecommunications transport services in Minnesota and other portions of the upper Midwest. CVT holds a 50 percent membership interest in South Central Transport, LLC ("South Central"), a Minnesota limited liability company that provides telecommunications transport services in Minnesota. The following Minnesota entities own at least 10 percent of Cannon Valley: Loretta A. Johnson Revocable Trust (49.02 percent, Class A voting stock), and Scott W. Johnson Revocable Trust (49.02 percent, Class A voting stock, and 43.77 percent, Class B non-voting stock).

RCHC is a Minnesota holding company that owns 100 percent of Blue Earth, Easton, Eckles, and Shell Rock. Blue Earth, in turn, owns 100 percent of Minnesota Lake. Blue Earth Valley Communications, Inc. ("BEVCI"), a Minnesota corporation, owns 100 percent of the equity of RCHC. The following U.S. citizens and U.S.-based entities own at least 10 percent of the equity of BEVCI: Neil and Sue Eckles (22.41 percent); Gail Eckles (24.66 percent); William V. Eckles (19.84 percent); Eckles Dynasty Trust #1 (16.55 percent); and Eckles Dynasty Trust #2 (16.55 percent). Applicants state that no other individual or entity will directly or indirectly own at least 10 percent of the equity of Cannon Valley, RCHC, or Blue Earth after the proposed transaction. BEVCI holds a 33 percent ownership interest in Hector Communications Corporation ("Hector"), a holding company that owns nine incumbent LECs that provide local exchange and resold long distance services in 28 rural exchanges in Minnesota, Wisconsin, and North Dakota.³

The proposed transaction entails the transfer of Cannon Valley from its existing four Class A voting stockholders and existing six Class B non-voting stockholders to RCHC. The transaction will be accomplished by the merger of Cannon Valley Acquisition Corp. ("CVAC"), a newly-formed Minnesota corporation owned 100 percent by RCHC, with and into Cannon Valley, with Cannon Valley continuing as the surviving corporation.

³ The nine rural incumbent LECs are (1) Arrowhead Communications Corp, serving the communities of Bena and Cotton in northeastern Minnesota; (2) Eagle Valley Telephone Company, serving the community of Clarissa in central Minnesota; Felton Telephone Company, serving the communities of Felton, Averill, Hitterdal, and Borup in northwestern Minnesota ; (4) Granada Telephone Company, serving the community of Granada in southwestern Minnesota; (5) Hager Telecom, Inc., serving the communities of Hager City and Bay City in southwestern Wisconsin; (6) Indianhead Telephone Company, serving the communities of Exeland, Radisson, and Weyerhaeuser in northwestern Wisconsin; (7) Loretel Systems, Inc., serving the communities of Ada, Audubon, Cormorant, Frazee, Glyndon, Hendrum/Perley, Lake Park, and Pelican Rapids in northwestern Minnesota, including a few cross border extensions into North Dakota; (8) Pine Island Telephone Company, serving the communities of Pine Island and Oronoco in southeastern Minnesota; and (9) Sleepy Eye Telephone Company, serving the communities of Sleepy Eye, Hanska, Goodhue, Bellechester, White Rock, and Mazeppa in south central and southeastern Minnesota.

The Applicants state that the proposed transaction is in the public interest because RCHC is an established rural telephone company that serves communities in Minnesota and Iowa that are similar to Cannon Valley's service territories, and that the transaction will ensure that the customers of CVT will continue to receive high quality, state of the art services at affordable rates.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a non-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. Pursuant to section 63.03(a) of the Commission's rules, 47 CFR § 63.03(a), interested parties may file comments **on or before October 17, 2007** and reply comments **on or before October 24, 2007**. Comments may be filed using: (1) the Commission's Electronic Comment Filing System (ECFS), (2) the Federal Government's eRulemaking Portal, or (3) by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- **Electronic Filers:** Comments may be filed electronically using the Internet by accessing the ECFS: <http://www.fcc.gov/cgb/ecfs/> or the Federal eRulemaking Portal: <http://www.regulations.gov>. Filers should follow the instructions provided on the website for submitting comments.
- For ECFS filers, if multiple docket or rulemaking numbers appear in the caption of this proceeding, filers must transmit one electronic copy of the comments for each docket or rulemaking number referenced in the caption. In completing the transmittal screen, filers 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, filers should send an e-mail to ecfs@fcc.gov, and include the following words in the body of the message, "get form." A sample form and directions will be sent in response.
- **Paper Filers:** 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, filers 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. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

The Commission's contractor 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 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, S.W., Washington D.C. 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

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, S.W., Room CY-B402, Washington, D.C. 20554, www.bcpiweb.com; phone: (202) 488-5300 fax: (202) 488-5563;
- 2) Tracey Wilson-Parker, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-A103, Washington, D.C. 20554; email: tracey.wilson-parker@fcc.gov;
- 3) Jodie May, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C234, Washington, D.C. 20554; e-mail: jodie.may@fcc.gov;
- 4) David Krech, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-A664 Washington, D.C. 20554; email: david.krech@fcc.gov; and
- 5) Jim Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: jim.bird@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, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 488-5563, or via e-mail www.bcpiweb.com.

For further information, please contact Tracey Wilson-Parker at (202) 418-1394, or Jodie May at (202) 418-0913.

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