**DA 20-1178**

**October 8, 2020**

**APPLICATIONS FILED FOR THE TRANSFER OF CONTROL OF**

**CINCINNATI BELL INC. AND HAWAIIAN TELCOM, INC.**

**TO RED FIBER PARENT LLC**

**PLEADING CYCLE ESTABLISHED**

**WC Docket No. 20-146**

**Comments/Petitions Due: November 9, 2020**

**Reply Comments/Oppositions to Petitions Due: November 24, 2020**

By this Public Notice, the Wireline Competition Bureau, International Bureau, and Wireless Telecommunications Bureau (Bureaus) seek comment from interested parties on a series of applications filed by Cincinnati Bell Inc. (Cincinnati Bell), CBTS Technology Solutions LLC (CBTS), Cincinnati Bell Telephone Company LLC (CBT), Cincinnati Bell Extended Territories LLC (CBET), Hawaiian Telcom, Inc. (HTI), Hawaiian Telcom Services Company, Inc. (HTSC), and Wavecom Solutions Corporation (Wavecom) (CBTS, CBT CBET, HTI, HTSC, and Wavecom, collectively, Licensees) for the transfer of Licensees to Red Fiber Parent LLC (Red Fiber Parent) (Licensees, together with Red Fiber Parent and Cincinnati Bell, Applicants), pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended (Act),[[1]](#footnote-3) the Cable Landing License Act of 1921,[[2]](#footnote-4) and sections 1.767, 1.948, 63.03-04, 63.18, and 63.24 of the Commission’s rules.[[3]](#footnote-5) Red Fiber Parent also filed a petition for declaratory ruling (Petition) to permit foreign investment above the 25% benchmark in section 310(b)(4) of the Act and section 1.5000(a)(1) of the Commission’s rules.[[4]](#footnote-6)

Cincinnati Bell, a publicly traded Ohio corporation, through the Licensees provides voice, data, and video services over fiber optic and copper networks:[[5]](#footnote-7) CBT, an incumbent local exchange carrier (LEC), serves portions of Ohio, Kentucky, and Indiana;[[6]](#footnote-8) CBET provides competitive LEC services in contiguous areas in Ohio and video service in portions of Ohio, Kentucky, and Indiana;[[7]](#footnote-9) CBTS provides nationwide long distance, competitive LEC, and Voice over Internet Protocol (VoIP) service;[[8]](#footnote-10) HTI, an incumbent LEC, serves Hawaii, and holds submarine cable landing licenses for interisland network facilities and various wireless licenses for fixed microwave radio facilities;[[9]](#footnote-11) HTSC provides interstate services, wireless service, and other services in Hawaii, holds a submarine cable landing license for interisland network facilities, and has an ownership interest in the SEA-US fiber optic submarine cable system between the continental United States, Indonesia, Philippines, Guam, and Hawaii; [[10]](#footnote-12) and Wavecom (formerly known as Pacific Lightnet, Inc.) operates as a competitive LEC in Hawaii.[[11]](#footnote-13)

Red Fiber Parent, a Delaware limited liability company, was established as an acquisition vehicle for the purposes of the proposed transaction and does not itself provide telecommunications services.[[12]](#footnote-14) As described in the applications, Red Fiber Parent would directly acquire at closing 100% of the stock of Cincinnati Bell.[[13]](#footnote-15) The sole member of Red Fiber Parent is RF Topco LLC (TopCo), a Delaware limited liability company formed at the direction of MIP V (FCC) AIV, L.P. (MIP V), a Delaware limited partnership.[[14]](#footnote-16) The sole member of TopCo is Red Fiber Holdings LLC (RF Holdings), a Delaware limited liability company.[[15]](#footnote-17) At the time of closing, RF Holdings would be majority owned (61.5% equity) and controlled by MIP V RF Partners, L.P. (MIP V Member), a Delaware limited partnership, which, in turn, would be majority owned (73.15% equity) and controlled by MIP V.[[16]](#footnote-18) Both MIP V and MIP V Member are funds managed by Macquarie Infrastructure Partners Inc. pursuant to agreement with the funds’ general partner, Macquarie Infrastructure Partners V GP, LLC (MIP V GP), which is controlled by Macquarie Infrastructure and Real Assets Inc. (MIRA).[[17]](#footnote-19) MIRA is ultimately wholly owned and controlled by Macquarie Group Limited (MGL), a publicly-traded Australian company that provides banking and investment services.[[18]](#footnote-20) RF Holdings would be indirectly minority owned by (i) certain U.S.-organized alternative investment vehicles (Ares AIVs) managed by the Private Equity Group of Ares Management Corporation (Ares Management), a Delaware entity (an aggregate 21.2% equity interest);[[19]](#footnote-21) and (ii) Retail Employees Superannuation Trust (REST), a widely held Australian public offer pension fund managed by Retail Employees Superannuation Pty Limited (Rest Trustee), as trustee of the fund (17.3% equity).[[20]](#footnote-22) REST’s indirect interest in Red Fiber Parent will be held by Rest Nominees No. 2 Pty Ltd as trustee for REST US Infrastructure No. 2 Trust (Rest Immediate Entity).[[21]](#footnote-23) MIP V Member, the Ares AIVs, and Rest Immediate Entity would have the right to appoint directors of RF Holdings and Cincinnati Bell based on their equity interests in RF Holdings.[[22]](#footnote-24)

According to the Applicants, passive investors will hold indirect equity interests in Red Fiber Parent, through RF Holdings, in the form of limited partnership interests in MIP V or MIP V Member (or an affiliate entity), or the Ares AIVs, or membership interests in REST. These passive investors would each hold indirect interests of less than 10% in Red Fiber Parent.[[23]](#footnote-25)

Pursuant to the Agreement and Plan of Merger, dated March 13, 2020, by and among Red Fiber Parent, RF Merger Sub Inc. (Merger Sub), and Cincinnati Bell, Merger Sub will merge with and into Cincinnati Bell, and, as a result, Red Fiber Parent will acquire all of the outstanding shares of common stock of Cincinnati Bell.[[24]](#footnote-26) Merger Sub, an Ohio corporation formed for the purposes of the proposed transaction, is a direct, wholly owned subsidiary of Red Fiber Parent.[[25]](#footnote-27) Upon closing of the proposed transaction, Merger Sub will merge with and into Cincinnati Bell, whereupon the separate existence of Merger Sub will cease to exist, and Cincinnati Bell will be the surviving corporation.[[26]](#footnote-28) Cincinnati Bell will then be a direct wholly owned subsidiary of Red Fiber Parent.[[27]](#footnote-29) As a result of the proposed transaction, the Licensees will become indirect subsidiaries of Red Fiber Parent.[[28]](#footnote-30)

Applicants assert that a grant of the applications will serve the public interest, convenience, and necessity.[[29]](#footnote-31) They assert that the “financial, management, and other resources made available to Cincinnati Bell and its subsidiaries will enhance its networks and services to the benefit of their customers.”[[30]](#footnote-32) Applicants state that the proposed transaction will “strengthen the financial position of the Cincinnati Bell enterprise as a whole by providing access to capital from new funding sources, and enabling accelerated investment in the company’s strategic products that is not presently available to Cincinnati Bell as a standalone company.”[[31]](#footnote-33) According to Applicants, the proposed transaction will be at the holding company level, will not result in a change of carrier for any customer, and Red Fiber Parent has no plans to change the current rates, terms, and conditions of service post-closing.[[32]](#footnote-34) Finally, Applicants maintain that the proposed transaction will not result in a reduction in competition, as their service areas are “complementary rather than competitive,” and they have no overlapping service areas for their facilities-based services.[[33]](#footnote-35)

**Petition for Declaratory Ruling Under Section 310(b)(4)**

As noted above, Red Fiber Parent (Petitioner) has filed a petition for declaratory ruling (Petition) pursuant to section 310(b)(4) of the Act and section 1.5000(a)(1) of the Commission’s rules,[[34]](#footnote-36) to permit post-closing foreign ownership of Cincinnati Bell to exceed the 25% benchmark specified in section 310(b)(4) of the Act. Cincinnati Bell would remain the controlling U.S. parent of the Licensees after closing of the proposed transaction, including Hawaiian Telcom Inc., which holds common carrier microwave licenses subject to review under section 310(b)(4). Petitioner asserts that the proposed foreign ownership of Cincinnati Bell would serve the public interest.[[35]](#footnote-37)

The Petition states that, upon completion of the proposed transaction, Cincinnati Bell would be majority owned (61.5% equity) and controlled by MIP V Member, a Delaware limited partnership. MIP V Member, in turn, would be majority owned (73.15% equity) and controlled by MIP V, also a Delaware limited partnership.[[36]](#footnote-38) MIP V and MIP V Member are controlled by their general partner, Macquarie Infrastructure Partners V GP LLC and managed by Macquarie Infrastructure Partners Inc., both of which ultimately are controlled by MGL, a publicly-traded Australian company, through a series of intermediate holding companies organized in the United States and Australia.[[37]](#footnote-39) Cincinnati Bell, therefore, would be ultimately controlled by MGL.[[38]](#footnote-40) Petitioner states that foreign investor aggregators will also be formed under Canadian and Luxembourg laws to hold indirect ownership interests in Cincinnati Bell through limited partnership interests in MIP V.[[39]](#footnote-41) The limited partnership interests in or through MIP V Member and MIP V would be insulated in accordance with section 1.5003 of the rules.[[40]](#footnote-42)

According to the Petition, certain alternative investment vehicles (Ares AIVs) ultimately controlled by Ares Management, a Delaware corporation, and managed by its Private Equity Group would hold indirectly an aggregate 21.2% equity interest in Cincinnati Bell.[[41]](#footnote-43) Petitioner states that there are no non-U.S. holders of Ares Management or the Ares AIVs for which specific approval under section 1.5001(i) of the rules is required or sought in the Petition.[[42]](#footnote-44)

The remaining 17.3% of Cincinnati Bell’s equity investment would be held indirectly Rest Nominees No. 2 Pty Limited as trustee for the REST US Infrastructure No. 2 Trust (Rest Immediate Entity). The sole beneficiary of Rest Immediate Entity is REST Nominees No. 1 Pty Ltd, as trustee for the Rest International Infrastructure Investments Holding Trust (Rest Intermediate Entity).[[43]](#footnote-45) The sole beneficiary of the Rest Intermediate Entity is the Retail Employees Superannuation Trust (REST), an Australian superannuation fund managed by Retail Employees Superannuation Pty Ltd (Rest Trustee), as trustee of the fund.[[44]](#footnote-46) The ultimate beneficial owners of Rest Trustee are Shop, Distributive and Allied Employees’ Association (SDA), an Australia entity, with 50% of the beneficial interest in SDA, and the following foreign individuals, each with 12.5% of the legal and beneficial interests as nominees of employer sponsors: Steven John Priestly (Australia and United Kingdom), John Vincent Edstein (Australia and United Kingdom), and Sally Louise Evans (Australia and New Zealand).[[45]](#footnote-47)

Pursuant to section 1.5001(i) of the rules, Petitioner requests that the Commission specifically approve foreign equity and/or voting interests that would be held indirectly in Cincinnati Bell upon completion of the proposed transaction by foreign-organized entities ultimately controlled by MGL at the ownership percentages specified below. Petitioner also requests, pursuant to section 1.5001(k) of the rules, advance approval for all such entities to hold indirect equity and/or voting interests in Cincinnati Bell up to and including 100%.

Macquarie Group Limited Entities:

Macquarie Infrastructure and Real Assets Investments Limited (U.K.) (5.55% equity, 100% voting);

Macquarie International Limited (U.K.) (5.55% equity, 100% voting);

Macquarie Asset Management UK Holdings Pty Limited (Australia) (5.55% equity, 100% voting);

Macquarie Asset Management Holdings Pty Limited (Australia) (5.55% equity, 100% voting);

MIGS II AIV, L.P. **(**2.3% equity, 100% voting) (Canada);

N1 Co-invest, L.P. (5.18% equity, 100% voting) (Canada);

MIP V Direct Partners LP (11.25% equity, 100% voting) (Canada);

MIP V Electing Partners 1 LP (13.5% equity, 100% voting) (Canada);

MIP V Electing Partners 2 LP (13.5% equity, 100% voting) (Canada);

MIP V Direct EU Partners SCSp (1.35% equity, 100% voting) (Luxembourg);

MIP V Electing EU Partners SCSp (5.4% equity, 100% voting) (Luxembourg);

MIP V Luxembourg GP S.à.r.l. (<5% equity, 100% voting) (Luxembourg);

Macquarie Asset Management Europe S.à.r.l. (<5% equity, 100% voting) (Luxembourg);

Macquarie Asset Management US Holdings Pty Limited (<5% equity, 100% voting) (Australia)

Macquarie Corporate Holdings Europe Limited (<5% equity, 100% voting) (Jersey)

Macquarie Equities (US) Holding Pty Limited (<5% equity, 100% voting) (Australia);

Macquarie Group (US) Holdings No. 1 Pty Limited (<5% equity, 100% voting) (Australia);

Macquarie Corporate International Holdings Pty Limited (<5% equity, 100% voting) (Australia);

Macquarie Corporate Holdings Pty Limited (<5% equity, 100% voting) (Australia);

Macquarie Financial Holdings Pty Limited (<5% equity, 100% voting) (Australia); and

Macquarie Group Limited (<5% equity, 100% voting) (Australia).

In addition, pursuant to section 1.5001(i) of the rules, Petitioner requests that the Commission specifically approve foreign equity and/or voting interests that would be held indirectly in Cincinnati Bell upon completion of the proposed transaction by foreign-organized entities and foreign individuals that would hold equity and/or voting interests through REST US Infrastructure No. 2 Trust at the ownership percentages specified below. Petitioner also seeks advance approval, pursuant to section 1.5001(k), for each REST entity to increase its indirect equity and/or voting interests in Cincinnati Bell up to a 49.99% non-controlling interest.

REST Entities:

REST Nominees No. 2 Pty Ltd (17.3% equity, 10% voting) (Australia);

REST International Infrastructure Investments Holding Trust (17.3%, 10% voting) (Australia);

REST Nominees No. 1 Pty Ltd (17.3% equity, 10% voting) (Australia);

Retail Employees Superannuation Pty Ltd (REST Trustee) (17.3% equity, 10% voting) (Australia);

Retail Employees Superannuation Trust (REST) **(**17.3% equity, 10% voting) (Australia); and

Shop, Distributive and Allied Employees’ Association (SDA) (8.65% equity, 0% voting) (Australia).

The ultimate beneficial owners of REST Trustee, as trustee of REST, are SDA (50%) and the following four non-U.S. individuals which each hold legal and beneficial ownership interests (12.5%) in REST Trustee as nominees of REST employer sponsors: Steven John Priestly (Australia and United Kingdom); John Vincent Edstein (Australia); Vaughn Nigel Richtor (Australia and United Kingdom); and Sally Louise Evans (Australia and New Zealand).

The following four citizens of Australia each legally hold SDA’s 50% interest in REST Trustee for the benefit of and as nominees of SDA, which is a REST member sponsor: Ian John Blandthorn; Michael Ward Tehan; Adam Neil Walk; and Julia Fox.

Referral to Executive Branch Agencies. Through this Public Notice, pursuant to Commission practice, these applications are being referred to the relevant Executive Branch agencies for their views on any national security, law enforcement, foreign policy or trade policy concerns related to the foreign ownership of the Applicants.[[46]](#footnote-48)

**GENERAL INFORMATION**

The applications identified herein have been found, upon initial review, to be acceptable for filing. The Commission reserves the right to return any 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 and petitions **on or** **before November 9, 2020,** and reply comments or oppositions to petitions **on or before November 24, 2020**. Comments may be filed using the Commission’s Electronic Comment Filing System (ECFS) or by paper.  All filings must be addressed to the Commission’s Secretary, Office of the Secretary, Federal Communications Commission.

* Electronic Filers:  Comments may be filed electronically by accessing ECFS at <http://apps.fcc.gov/ecfs/>.
* Paper Filers:  Parties who choose to file by paper must file an original and one copy of each filing.  Paper filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail.[[47]](#footnote-49)
  + All hand-delivered or messenger-delivered paper filings for the Commission’s Secretary must be delivered to FCC Headquarters at 445 12th St., SW, Room TW-A325, Washington, DC, 20554.  The filing hours are 8:00 a.m. to 7:00 p.m.  All hand deliveries must be held together with rubber bands or fasteners.  All envelopes and boxes 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 9050 Junction Drive, Annapolis Junction, MD, 20701.
  + U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington DC, 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 and Governmental Affairs Bureau at 202-418-0530 (voice), 1-888-835-5322 (tty).

**In addition, e-mail one copy of each pleading to each of the following:**

1. Greg Kwan, Wireline Competition Bureau, gregory.kwan@fcc.gov;
2. Kimberly Cook, International Bureau, kimberly.cook@fcc.gov;
3. Linda Ray, Broadband Division, Wireless Telecommunications Bureau; [linda.ray@fcc.gov](mailto:linda.ray@fcc.gov); and
4. Jim Bird, Office of General Counsel, [jim.bird@fcc.gov](mailto:jim.bird@fcc.gov).

The proceeding in this Notice shall be treated as a “permit-but-disclose” proceeding in accordance with the Commission’s *ex parte* rules. Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter’s written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b), 47 CFR § 1.1206(b). Participants in this proceeding should familiarize themselves with the Commission’s *ex parte* rules.

To allow the Commission to consider fully all substantive issues regarding the application in as timely and efficient a manner as possible, petitioners and commenters should raise all issues in their initial filings. New issues may not be raised in responses or replies.[[48]](#footnote-50) A party or interested person seeking to raise a new issue after the pleading cycle has closed must show good cause why it was not possible for it to have raised the issue previously. Submissions after the pleading cycle has closed that seek to raise new issues based on new facts or newly discovered facts should be filed within 15 days after such facts are discovered. Absent such a showing of good cause, any issues not timely raised may be disregarded by the Commission.

For further information, please contact Gregory Kwan, Wireline Competition Bureau, (202) 418-1191; Kimberly Cook, International Bureau, (202) 418-7532; or Linda Ray, Wireless Telecommunications Bureau, (202) 418-0257.

**ATTACHMENT A**

**SECTION 214 AUTHORIZATIONS**

**A. International**

The applications for consent to the transfer of control of certain international section 214 authorizations have been assigned the file numbers listed below.

|  |  |  |
| --- | --- | --- |
| File Number | Authorization Holder | Authorization Number |
|  |  |  |
| ITC-T/C-20200515-00070 | CBTS Technology Solutions LLC | ITC-214-19950101-00007 |
|  |  |  |
|  |  | ITC-214-20010921-00492  ITC-214-20010921-00493  ITC-214-20071024-00434 |
|  |  |  |
| ITC-T/C-20200515-00071 | Hawaiian Telcom, Inc. | ITC-214-20040630-00512 |
| ITC-T/C-20200515-00072 | Hawaiian Telcom Services Company, Inc. | ITC-214-20040630-00513 |
|  |  |  |

**B. Domestic**

Applicants filed an application to transfer control of domestic section 214 authority in connection with the proposed transaction. In light of the multiple applications pending before the Commission with respect to this transaction and the public interest review associated with them, the domestic transfer of control application is not subject to streamlined treatment.[[49]](#footnote-51)

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**CABLE LANDING LICENSES**

|  |  |  |
| --- | --- | --- |
| **File Number** | **Licensee** | **License Number** |
| SCL-T/C-20200520-00021 | Hawaiian Telcom, Inc. | SCL-LIC-19921015-00008  SCL-MOD-20190305-00007  SCL-LIC-19950627-00024  SCL-MOD-20131114-00012 |
| SCL-T/C-20200520-00020 | Hawaiian Telcom Services Company Inc. | SCL-LIC-19921015-00008  SCL-MOD-20190305-00007 SCL-LIC-19950627-00024 |
|  |  | SCL-MOD-20131114-00012  SCL-LIC-20150626-00016 |

**SECTION 310(d) APPLICATION**

|  |  |  |
| --- | --- | --- |
| **File Number** | **Licensee** | **Lead Call Sign** |
| 0009033032 | Hawaiian Telcom, Inc. | KCG66 |
|  |  |  |
|  |  |  |
|  |  |  |

**PETITION FOR DECLARATORY RULING UNDER SECTION 310(b)(4)**

The Petition has been assigned File No. ISP-PDR-20200515-00003.

**-FCC-**

1. 47 U.S.C. §§ 214, 310(d). [↑](#footnote-ref-3)
2. [47 U.S.C. §§ 34](http://www.westlaw.com/Link/Document/FullText?findType=L&pubNum=1000546&cite=47USCAS34&originatingDoc=I2978955ac90b11e6bfb79a463a4b3bc7&refType=LQ&originationContext=document&vr=3.0&rs=cblt1.0&transitionType=DocumentItem&contextData=(sc.Search))-[39](http://www.westlaw.com/Link/Document/FullText?findType=L&pubNum=1000546&cite=47USCAS39&originatingDoc=I2978955ac90b11e6bfb79a463a4b3bc7&refType=LQ&originationContext=document&vr=3.0&rs=cblt1.0&transitionType=DocumentItem&contextData=(sc.Search)); *see also* [Exec. Ord. No. 10530](http://www.westlaw.com/Link/Document/FullText?findType=Y&serNum=1954047056&pubNum=0001043&originatingDoc=I2978955ac90b11e6bfb79a463a4b3bc7&refType=CA&originationContext=document&vr=3.0&rs=cblt1.0&transitionType=DocumentItem&contextData=(sc.Search)), Sec. 5(a), reprinted as amended at [3 U.S.C. § 301](http://www.westlaw.com/Link/Document/FullText?findType=L&pubNum=1000546&cite=3USCAS301&originatingDoc=I2978955ac90b11e6bfb79a463a4b3bc7&refType=LQ&originationContext=document&vr=3.0&rs=cblt1.0&transitionType=DocumentItem&contextData=(sc.Search)) (delegating the President’s authority under the Cable Landing License Act to the Commission). [↑](#footnote-ref-4)
3. 47 CFR §§ 1.767, 1.948, 63.03-04, 63.18, 63.24; Application for Consent to Transfer Indirect Control of Domestic and International Authorization Holders to Red Fiber Parent LLC, WC Docket No. 20-146 (filed May 15, 2020) (Lead Application). On July 28, 2020, Applicants filed a supplement to the Lead Application. Letter from James H. Barker, Counsel to Red Fiber Parent, to Marlene H Dortch, Secretary, FCC, WC Docket No. 20-146 (July 28, 2020) (on file in WC Docket No. 20-146) (Supplement). [↑](#footnote-ref-5)
4. 47 U.S.C. § 310(b)(4); 47 CFR § 1.5000(a)(1); Red Fiber Parent LLC, Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as amended, IBFS File No. ISP-PDR-202000515-00003 (filed May 15, 2020) (Petition); Red Fiber Parent LLC, Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as amended, IBFS File No. ISP-PDR-202000515-00003 (filed August 26, 2020) (Restated Petition). [↑](#footnote-ref-6)
5. Lead Application at 3-4. [↑](#footnote-ref-7)
6. *Id*. at 4-5, 20. In Ohio, CBT operates the following exchanges: Bethany, Bethel, Cincinnati,

   Clermont, Hamilton, Harrison, Little Miami, Newtonsville, Reily, Seven Mile, Shandon, and Williamsburg. In Kentucky, CBT operates the following exchanges: Alexandria, Boone, Butler, Falmouth, Glencoe, Independence, Kentucky Metropolitan, Walton, Warsaw, and Williamstown. In Indiana, CBT operates the following exchanges: Peoria and West Harrison. [↑](#footnote-ref-8)
7. *Id*. at 5. [↑](#footnote-ref-9)
8. *Id.* [↑](#footnote-ref-10)
9. *Id.* at 5, 11, n.11. In Hawaii, HTI operates the following exchanges by island: Hawaii - Hilo, Honokaa,Honomu, Kamuela, Kau, Kohala, Kona, Laupahoehoe, Puna, Volcano; Kauai - Hanapepe, Kapaa, Kilauea, Koloa, Lihue, Waimea; Lanai - Lanai; Maui - Hana, Kula, Lahaina, Paia,Wailuku; Molokai - Kaunakakai, Maunaloa, Ualapue; Oahu - Honolulu, Kailua, Laie, Nanakuli, Wahiawa, Waialua, Waipahu. *Id*. at 21, n.21. [↑](#footnote-ref-11)
10. *Id.* at 6, 12, n.12. [↑](#footnote-ref-12)
11. *Id*. at 6. [↑](#footnote-ref-13)
12. *Id*. at 2; Restated Petition at 2. [↑](#footnote-ref-14)
13. Lead Application at 6; Supplement at 2. [↑](#footnote-ref-15)
14. Lead Application at 14; Supplement at 2. [↑](#footnote-ref-16)
15. *Id.* [↑](#footnote-ref-17)
16. Supplement at 2; Restated Petition at 2-3, 7. [↑](#footnote-ref-18)
17. Supplement at 2. [↑](#footnote-ref-19)
18. The Application provides the post-transaction corporate structure for Red Fiber Parent, LLC and lists MGL’s board of directors and senior management, all citizens of Australia. Lead Application at Exh. A (Pre- and Post-Transaction Corporate Ownership Structure Charts) and Exh C. Red Fiber Parent is affiliated with Bluebird Network, LLC, which is owned by a fund managed by MIRA. The subsidiaries of Bluebird Network, LLC are: Missouri Network Alliance, LLC d/b/a Bluebird Network (MNA), providing transport and other services to wholesale and enterprise customers in Missouri, Illinois, Iowa, Oklahoma, Kansas, Kentucky, Tennessee, and Nebraska, and tandem switching and transport services in Missouri; Illinois Network Alliance, LLC (INA) providing transport services to wholesale customers in Illinois, Kentucky, and Tennessee; and PEG Bandwidth IL, LLC (PEG IL) providing competitive interexchange services in Illinois, Indiana, Iowa, and Missouri. *Id*. at 19-20. Applicants state that Macquarie Holdings (U.S.A.), Inc., owned by MGL, has an indirect interest in OpenFiber Kentucky, which is not operational but will provide middle mile connectivity services in Kentucky. *Id.* at 20, n.19. [↑](#footnote-ref-20)
19. The interests in Red Fiber Parent that would be held indirectly by Area Management will be held by (i) alternative investment vehicles (the SSF AIVs) controlled by ASSF Management IV, L.P., a Delaware limited partnership (SSF IV), as the general partner of the SSF AIVs, and (ii) alternative investment vehicles (the ASOF AIVs) controlled by ASOF Management, L.P., a Delaware limited partnership (ASOF), as the general partner of the ASOF AIVs (which, together with the SSF AIVs, are referred to collectively as the Ares AIVs). Lead Application at 3 and Exh. C at 9-13; Restated Petition at 3-4, 10 and Exh. B at 23-24. [↑](#footnote-ref-21)
20. Applicants state that the respective membership interests owned at closing in RF Holdings by MIP V Member, the Ares IVs, and the Rest Immediate Entity may be subject to change prior to or shortly after closing of the proposed transaction based on additional equity investment by these entities. Letter from James H. Barker, Elizabeth R. Park, and Alexander L. Stout, Counsel to Red Fiber Parent, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 20-146 (filed July 28, 2020) (Section 1.65 Amendment). [↑](#footnote-ref-22)
21. Supplement at 2 and Exh. A 1-2. [↑](#footnote-ref-23)
22. Restated Petition at 6-7. As of the effective time of the merger, MIP V Member will have five votes, Ares Management will have two votes, and REST will have one vote on the boards of RF Holdings and Cincinnati Bell. Additionally, there will be two independent and/or non-member appointed directors of each of RF Holdings and Cincinnati Bell. Restated Petition at 6-7. [↑](#footnote-ref-24)
23. Restated Petition at 6-7. [↑](#footnote-ref-25)
24. Lead Application at 6-7; Restated Petition at 2. [↑](#footnote-ref-26)
25. *Id.* [↑](#footnote-ref-27)
26. *Id*. [↑](#footnote-ref-28)
27. *Id.* [↑](#footnote-ref-29)
28. Lead Application at 7. [↑](#footnote-ref-30)
29. *Id*. at Exh B. (Public Interest Statement) at 1-2; Restated Petition at 12-13. [↑](#footnote-ref-31)
30. Lead Application, Exh. B. at 2-3. [↑](#footnote-ref-32)
31. *Id*. at Exh. B at 1-2. [↑](#footnote-ref-33)
32. *Id*. at Exh. B at 3. [↑](#footnote-ref-34)
33. *Id*. at Exh. B at 4. Applicants state that PEG IL’s interexchange services and Cincinnati Bell’s competitive LEC services are both available in five counties in Indiana where Cincinnati Bell’s affiliate, CBTS, provides over-the-top VOIP and resold services using third-party facilities. *Id*. at Exh. B at 4. [↑](#footnote-ref-35)
34. 47 CFR § 1.5000(a)(1). [↑](#footnote-ref-36)
35. Restated Petition at 1, 12-13. [↑](#footnote-ref-37)
36. *Id*. at 2-3, 7. [↑](#footnote-ref-38)
37. *Id*. at 2-3. [↑](#footnote-ref-39)
38. *Id*. at 9. According to the Petition, the voting interest of MIP V Member and its affiliates in Red Fiber Parent and, in turn, in Cincinnati Bell is 50%, based on the five of ten board seats of each company appointed by MIP V Member. Petitioner states that MIP V Member’s (and, in turn, MGL’s) voting interest in Cincinnati Bell is deemed to be 100% for purposes of calculating Cincinnati Bell’s` foreign voting interests under the Commission’s foreign ownership rules. *Id*. at 7 (citing 47 CFR § 1.5002(b)(2)(i)). [↑](#footnote-ref-40)
39. *Id*. at 9, 18. Non-U.S. individuals holding interests in MIP V Member or MIP V would hold their interests indirectly through other insulated Macquarie managed vehicles, including foreign-organized feeder funds and/or tax blockers identified in the Petition for which Petitioner requests specific approval. Restated Petition at 10, Exh. A at 18. [↑](#footnote-ref-41)
40. Restated Petition, Exh. A at 16. The insulated limited partners would individually hold indirect equity and voting interests in Cincinnati Bell of less than 10%. *Id*., Exh. A at 19. [↑](#footnote-ref-42)
41. Restated Petition at 3. [↑](#footnote-ref-43)
42. *Id*. at 9. [↑](#footnote-ref-44)
43. *Id*. at 4. [↑](#footnote-ref-45)
44. *Id*. [↑](#footnote-ref-46)
45. *Id*. at 30-31. [↑](#footnote-ref-47)
46. *See Rules and Policies on Foreign Participation in the U.S. Telecommunications Market; Market Entry and Regulation of Foreign- Affiliated Entities*, IB Docket Nos. 97-142 and 95-22, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891, 23918-19, paras. 61-63 (1997) (*Foreign Participation Order*), recon. denied, 15 FCC Rcd 18158 (2000). [↑](#footnote-ref-48)
47. In response to the COVID-19 pandemic, the Commission has closed its current hand-delivery filing location at FCC Headquarters. We encourage outside parties to take full advantage of the Commission’s electronic filing system. Any party that is unable to meet the filing deadline due to the building closure may request a waiver of the comment or reply comment deadline, to the extent permitted by law. *FCC Announces Closure of FCC Headquarters Open Window and Change in Hand-Delivery Filing*,Public Notice, DA 20-304 (rel. Mar. 19, 2020), <https://www.fcc.gov/document/fcc-closes-headquarters-open-window-and-changes-hand-delivery-policy>.  [↑](#footnote-ref-49)
48. *See* 47 CFR § 1.45(c). [↑](#footnote-ref-50)
49. 47 CFR § 63.03. [↑](#footnote-ref-51)