



PUBLIC NOTICE

Federal Communications Commission
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DA 20-1329
November 9, 2020

DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF ALLO COMMUNICATIONS LLC TO SDC ALLO HOLDINGS, LLC

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 20-354

Comments Due: November 23, 2020
Reply Comments Due: November 30, 2020

By this Public Notice, the Wireline Competition Bureau seeks comment from interested parties on an application filed by Nelnet, Inc., (Nelnet), ALLO Communications LLC (ALLO), and SDC Allo Holdings, LLC (SDC-AH) (collectively, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended, and sections 63.03-04 of the Commission's rules, requesting consent to transfer control of ALLO as described below.¹

ALLO, a Nebraska limited liability company, is majority owned by Nelnet, a publicly traded Nebraska corporation that does not provide telecommunications services. ALLO offers competitive local exchange carrier, long distance, broadband, and other services in Nebraska and Colorado. ALLO currently provides gigabit fiber service in Scottsbluff, Gering, Bridgeport, North Platte, Ogallala, Alliance, Hastings, Imperial, Norfolk, Lincoln, and the Ashland Lakes Area in Nebraska and Breckenridge and Fort Morgan in Colorado.

SDC-AH, a Delaware limited liability company created for the purpose of this proposed transaction, is a holding company with no operations. SDC-AH is owned by investment funds controlled by an affiliate of SDC Capital Partners LLC (SDC), a New York investment firm. SDC-AH is ultimately and indirectly held by SDC GP Manager, LLC, a Delaware limited liability company, with a sole member, Todd Aaron, a U.S. citizen.² Applicants state that SDC-AH does not own or control a 10% or greater direct or indirect interest in any domestic interstate telecommunications carrier.

Pursuant to the terms of the Membership Unit Purchase Agreement, SDC-AH will acquire preferred membership units in ALLO (Acquisition) that will represent approximately 48% of the

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Applicants also filed applications for the transfer of authorizations associated with international authorizations. Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications.

² Applicants provided a description of the SDC-AH's ownership in their application.

voting membership of ALLO when the preferred membership units convert to voting membership units upon receipt of all required regulatory approvals. Pursuant to the terms of the Ninth Amended and Restate Operating Agreement (Operating Agreement), until all required regulatory approvals are obtained, Nelnet retains voting control of ALLO and the ability to appoint a majority of ALLO's Board of Managers. The Applicants state that following receipt of required regulatory approvals, the Operating Agreement provides that SDC-AH's membership units will automatically convert from non-voting to voting units, and ALLO's Board of Managers will increase from five to up nine managers with SDC-AH and Nelnet each appointing three managers, and after one year, up to two mutually agreed upon independent managers (the Conversion). Bradley A. Moline, cofounder of ALLO and its current President, will also have a seat on ALLO's Board of Managers. As a result of the Conversion, Nelnet will no longer have a controlling interest in ALLO since it will control less than 50% of the voting membership interests and less than 50% of the Board of Managers.³

Applicants request streamlined treatment of the proposed transaction under the Commission's rules and assert that a grant of the application would serve the public interest, convenience, and necessity. We accept this application for filing under section 63.03(b)(1)(ii) of the Commission's rules.⁴

Domestic Section 214 Application Filed for the Transfer of Control of
ALLO Communications LLC to SDC Allo Holdings, LLC,
WC Docket No. 20-354 (filed Oct. 30, 2020).

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 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 November 23, 2020**, and reply comments **on or before November 30, 2020**. Pursuant to section 63.52 of the Commission's rules, 47 CFR § 63.52, commenters must serve a copy of comments on the Applicants no later than the above comment filing date. Unless otherwise notified by the Commission, the Applicants may transfer control on the 31st day after the date of this notice.

Pursuant to section 63.03 of the Commission's rules, 47 CFR § 63.03, parties to this proceeding should file any documents using the Commission's Electronic Comment Filing System (ECFS): <http://apps.fcc.gov/ecfs/>.

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

- 1) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, tracey.wilson@fcc.gov;
- 2) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, dennis.johnson@fcc.gov; and

³ Further, Applicants also state that because most decisions of ALLO's Board of Managers will require approval of both SDC-AH and Nelnet, SDC-AH will acquire negative control of ALLO.

⁴ 47 CFR § 63.03(b)(1)(ii).

3) Jim Bird, Office of General Counsel, jim.bird@fcc.gov.

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), 1-888-835-5322 (tty).

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.⁵ 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 Tracey Wilson at (202) 418-1394 or Dennis Johnson at (202) 418-0809.

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⁵ See 47 CFR § 1.45(c).