



PUBLIC NOTICE

Federal Communications Commission
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DA 20-1363
November 17, 2020

DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF RACE TELECOMMUNICATIONS, INC. TO HOMETOWN PURCHASER, LLC

NON-STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 20-360

Comments Due: December 1, 2020
Reply Comments Due: December 8, 2020

By this Public Notice, the Wireline Competition Bureau seeks comment from interested parties on an application filed by Race Holdings, Inc. (Race Holdings) and Hometown Purchaser, LLC (Hometown) (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 indirect control of Race Telecommunications, Inc. (Race Telecom) to Hometown.¹

Race Holdings, through its direct wholly owned subsidiary, Race Telecom, and its affiliates, each California entities, provides competitive fiber-based telecommunications services and video services to residential, small business, enterprise, and wholesale customers throughout California. Race Telecom provides interstate telecommunications services and is authorized to provide facilities-based and resold competitive local exchange and interexchange services in California.²

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Application of Race Holdings, Inc. and Hometown Purchaser, LLC for Consent to Transfer Indirect Control of Race Telecommunications, Inc. Pursuant to Section 214 of the Communications Act, as Amended, WC Docket No. 20-360 (filed Nov. 2, 2020) (Application). On November 13, 2020, Applicants filed a supplement to their domestic section 214 application. Application of Race Holdings, Inc. and Hometown Purchaser, LLC for Consent to Transfer Indirect Control of Race Telecommunications, Inc. Pursuant to Section 214 of the Communications Act, as Amended, WC Docket No. 20-360, Supplement (filed Nov. 13, 2020) (Supplement). Hometown is affiliated with the transferee in two pending domestic section 214 applications. *Domestic Section 214 Application Filed for the Transfer of Control of Otelco, Inc. and its Subsidiaries to Future Fiber FinCo, Inc.*, Public Notice, WC Docket No. 20-275 (WCB 2020) (Otelco/Future Fiber Application); *Domestic Section 214 Application Filed for the Transfer of Control of Ontario Telephone Company, Inc., Trumansburg Telephone Company, Inc., and Finger Lakes Communications Group Inc. to Future Fiber Parent, L.P.*, Public Notice, WC Docket No. 20-355 (WCB 2020) (Ontario/Future Fiber Application). Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications.

² Applicants state that Race Telecom currently provides digital voice, video, and Internet service in Kern, Mono, Nevada, San Bernardino, San Francisco, Los Angeles, and San Diego Counties, California. Supplement at 2.

Bright Fiber Network, Inc. (Bright Fiber), a direct wholly owned subsidiary of Race Telecom, is also authorized to provide limited facilities-based and resold competitive local exchange and interexchange services in California.³ Applicants state that Race Holdings is currently owned by 12 U.S. investors, including individuals and trusts, and that control of these funds ultimately rest in U.S. entities or citizens.⁴

Hometown, a Delaware limited liability company,⁵ is primarily owned and controlled by funds and entities affiliated with Oak Hill Capital Management (Oak Hill), a private equity fund based in the United States but whose funds are organized in the Cayman Islands.⁶ Hometown is indirectly owned by five different Oak Hill Capital Partners V limited partners (collectively, the Oak Hill V Entities), each Cayman Islands entities.⁷ The general partner for the Oak Hill V Entities is

³ Application at 2 and Supplement at 1. Applicants state that Bright Fiber currently provides digital voice, video, and other communications services in Nevada County, California. Race TV, LLC (RaceTV), a California limited liability company and indirect wholly owned subsidiary of Race Telecom, holds a statewide video franchise from the California Public Utility Commission and provides video services to residential customers in California of Race Telecom and Bright Fiber. Applicants state Bright Fiber and RaceTV do not hold any Commission licenses or provide any common carrier telecommunications services. Supplement at 1-2.

⁴ Applicants state that the largest shareholder of Race Holdings is Raul Alcaraz, a U.S. citizen, who owns approximately 30% of the outstanding stock of Race Holdings. Application at 3.

⁵ Hometown is directly wholly owned by Hometown Parent, L.P. (Hometown Parent), a Delaware limited partnership. Although Hometown does not currently own or control a 10% or greater, direct or indirect interest in any domestic telecommunications carrier, through the Otelco/Future Fiber Application, an affiliate of Oak Hill is in the process of acquiring Otelco, Inc. and its subsidiaries (collectively, Otelco). Otelco provides incumbent local exchange carrier (LEC) and competitive LEC service in Alabama, Maine, Massachusetts, Missouri, New Hampshire, Vermont, and West Virginia. *Id.* at 8. In addition, through the Ontario/Future Fiber Application, an affiliate of Oak Hill is in the process of acquiring Ontario Telephone Company, Inc. (OTC), Trumansburg Telephone Company, Inc. (TTC), and Finger Lakes Communications Group Inc. (FLCG). OTC and TTC operate as rural incumbent LECs in New York, and FLCG provides long distance services in OTC and TTC's service areas. *Id.* at 9.

⁶ Applicants state that the equity in the Oak Hill funds is held through limited partnership interests held by numerous, primarily U.S.-based investors, including individuals, trusts, institutions, and business entities and that control of these funds ultimately rests in U.S. entities or citizens. *Id.* at 2. Through related Oak Hill funds, Hometown is affiliated with the following carriers that provide incumbent and competitive LEC, cable, and other services in multiple states: Clarity Telecom, LLC d/b/a Vast Broadband (Clarity) and its subsidiary NTS Communications, LLC d/b/a Vexus (NTS), Metro FiberNet, LLC (MetroNet), CMN-RUS, Inc. (CMNRUS), and Jaguar Communications (Jaguar). We note that there is a pending 214 application seeking to transfer control of Clarity to GI DI Rushmore TopCo LLC. Application of Python Holdings, L.P., Clarity Telecom, LLC, and GI DI Rushmore TopCo LLC, for Consent to Transfer Control of Domestic Section 214 Authorities Under the Communications Act of 1934, as Amended, WC Docket No. 20-371 (filed Nov. 6, 2020). Applicants state that the service territories of Race Telecom, Bright Fiber, and RaceTV are not adjacent to and do not overlap with the service territories of Clarity, NTS, MetroNet, CMN-RUS, Jaguar, Otelco, nor OTTC. *Id.* at 9 and Supplement at 2.

⁷ Specifically, the following Oak Hill V Entities hold interests in Hometown: Oak Hill Capital Partners V (Offshore 892), L.P. (16.3%); Oak Hill Capital Partners V (Onshore), L.P. (45.6%); Oak Hill Capital Partners V (Onshore Tax Exempt), L.P. (8.1%); Oak Hill Capital Partners V (Offshore), L.P. (26.7%); and Oak Hill Capital Partners V (Management), L.P. (3.4%). Applicants provide more detailed information in their application about these and other entities holding a 10% or greater direct or indirect interest in Hometown, including pre and post-transaction ownership charts. Application at Exh. B (Post-Transaction Ownership

OHCP GenPar V, L.P. (GenPar V), a Cayman Islands entity which, in turn, has two limited partners, OHCP GenPar Holdco, L.P. (GenPar Holdco) (holding 82.6% of GenPar V) and Oak Hill Reserve V (Cayman), L.P. (Reserve V) (holding 10.6% of GenPar V), both Cayman Islands entities.⁸ The general partner for GenPar Holdco is OHCP GenPar Super Holdco, L.P. (GenPar Super Holdco) (holding 85.5% of GenPar Holdco), a Cayman Islands entity, and the sole limited partner is SR Warehouse LLC (SR Warehouse) (holding 14.5% of GenPar Holdco), a Delaware entity.⁹ GenPar Super Holdco is ultimately controlled by three shareholders, each a U.S. citizen, and SR Warehouse is ultimately owned and controlled by Jefferies Financial Group, Inc. (Jefferies), a publicly traded Delaware corporation.¹⁰

Pursuant to the terms of the proposed transaction, Race Holdings and Race Telecom will engage in a series of planned intra-company transactions that will result in (1) conversion of Race Telecom from a corporation to a limited liability company, and (2) a change in the intermediate corporate holding company structure of Race Telecom so that it will be directly held by Race FinCo, LLC, an indirect subsidiary of Race Holdings, LLC (RHC), itself an indirect subsidiary of Race Holdings and a holding company formed for purposes of completing the proposed transaction. Upon completion of the restructuring, Hometown will acquire all of the outstanding equity interest in RHC with Race Holdings, Inc. receiving certain Class A Units in Hometown Purchaser. As a result, Race Telecom will become an indirect subsidiary of Hometown. Applicants state that, post-consummation, Hometown will be owned no less than 75% by the Oak Hill Management companies and no more than 25% by Race Holdings, Inc.¹¹

Applicants assert that a grant of the application would serve the public interest, convenience, and necessity.¹² Because the transaction is more complex than usual, in order to analyze whether the proposed transaction would serve the public interest, this application will not be streamlined.¹³

GENERAL INFORMATION

Structure of Licensee) at 2-7 and Exh. A (Current and Post Transaction Corporate Ownership Structure Charts).

⁸ Applicants state that the general partner for GenPar V and Reserve V is OHCP MGP V, Ltd. (MGP V), a Cayman Islands entity. Reserve V has the following three limited partners, each a U.S. citizen: Brian Cherry, Steven G. Puccinelli, and Taylor Wolfram. MGP V has twelve equal shareholders, each a U.S. citizen, none of which has a 10% or greater ownership interest in MGP V, however, the following shareholders are attributed more than a 10% indirect interest in Hometown through their ownership in MGP V and other entities as described in the Application: Scott A. Baker, Brian Cherry, Benjamin Diesbach, Stratton R. Heath, III, John R. Monsky, Steven G. Puccinelli, and Tyler Wolfram. Application at Exh B. at 5.

⁹ GenPar Super Holdco has eight limited partners (a Delaware limited liability company that holds less than 1% of GenPar Super Holdco and the Seven Oak Hill V Shareholders). *Id.* at 5-6.

¹⁰ The general partner for GenPar Super Holdco is OHCP GenPar Super Holdco GP, Ltd., a Cayman Islands entity, and GenPar Super Holdco is owned and controlled by Brian Cherry, Steven G. Puccinelli, and Tyler Wolfram. Applicants further state that no shareholder in Jefferies is attributed a 10% or greater interest in Hometown through its ownership in Jefferies. *Id.* at 7.

¹¹ Application at 3.

¹² *Id.* at 4-5.

¹³ 47 CFR § 63.03(c)(1)(v).

The application identified herein has 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 December 1, 2020** and reply comments or oppositions to petitions **on or before December 8, 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. 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 commercial overnight courier or by first-class or overnight U.S. Postal Service mail.¹⁴ All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
 - 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.

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) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, tracey.wilson@fcc.gov;
- 2) Gregory Kwan, Competition Policy Division, Wireline Competition Bureau, gregory.kwan@fcc.gov; and
- 3) Jim Bird, Office of General Counsel, jim.bird@fcc.gov.

¹⁴ In response to the COVID-19 pandemic, the FCC 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>.

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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.¹⁵ 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 Gregory Kwan at (202) 418-1191.

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¹⁵ See 47 CFR § 1.45(c).