



PUBLIC NOTICE

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APPLICATION GRANTED FOR THE TRANSFER OF CONTROL OF SUBSIDIARIES OF NORTH STATE TELECOMMUNICATIONS CORPORATION TO MTN INFRASTRUCTURE TOPCO, INC.

WC Docket No. 19-393

By this Public Notice, the Wireline Competition Bureau (Bureau) grants, as conditioned, an application filed by North State Telecommunications Corporation (North State Parent) and MTN Infrastructure TopCo, Inc. (MTN Infrastructure) (collectively, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended (Act), and sections 63.03-04 of the Commission's rules, requesting approval for consent to transfer control of the wholly owned subsidiaries of North State Parent (North State Subsidiaries) to MTN Infrastructure.¹

On January 16, 2020, the Bureau released a public notice seeking comment on the Application.² The Bureau did not receive comments or petitions in opposition to the Application.

North State Parent, a North Carolina corporation, functions as a holding company and does not provide telecommunications services.³ The North State Subsidiaries consist of the following entities: (1) North State Telephone Company, which operates as an incumbent local exchange carrier (LEC) in the North Carolina exchanges of High Point, Thomasville, and Randleman; (2) North State Communications Advanced Services, LLC, which provides competitive LEC services in North Carolina; and (3) North State Communications Long Distance, LLC, which provides interexchange services in North Carolina.⁴

MTN Infrastructure, a Delaware corporation, is a holding company created to aggregate the ownership of various investment funds ultimately managed by an affiliate of EQT AB (EQT), a publicly

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Joint Application of MTN Infrastructure TopCo, Inc. and North State Telecommunications Corporation, WC Docket No. 19-393 (filed Dec. 23, 2019) (Application). Applicants filed supplements to their domestic section 214 application on January 14, 2020 and January 16, 2020. Letter from Joshua Bobeck, Counsel for MTN Infrastructure, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 19-393 (filed Jan. 14, 2020) (MTN Jan. 14 Letter); Letter from Joshua Bobeck, Counsel for MTN Infrastructure, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 19-393 (filed Jan. 16, 2020). A grant of the domestic section 214 application is without prejudice to Commission action on other related, pending applications.

² *Domestic Section 214 Application Filed for the Transfer of Control of Subsidiaries of North State Telecommunications Corporation to MTN Infrastructure TopCo, Inc.*, WC Docket No. 19-166, Public Notice, DA 20-87 (WCB 2020).

³ Application at 4.

⁴ *Id.* at 13-14.

traded Swedish investment and holding company.⁵ Post consummation, a chain of various U.S. and foreign investment entities will own at least a 10% or greater interest in North State Parent.⁶ Subsidiaries of MTN Infrastructure collectively own and operate a fiber network of more than 23,000 miles throughout nine Mid-Atlantic and Southeastern states and operate under the brand “SEGRA.”⁷ Applicants state that SEGRA’s service area overlaps with North State Telephone Company’s incumbent LEC service area.⁸

On January 21, 2020, the U.S. Department of Justice (DOJ), with the concurrence of the U.S. Department of Homeland Security (DHS) and the U.S. Department of Defense (DOD) (collectively, the Agencies), filed a letter requesting that the Commission defer action on the Application while they reviewed potential national security, law enforcement, and public safety issues.⁹ We deferred action in response to this request from the Agencies. On April 8, 2020, DOJ submitted a Petition to Adopt Conditions to Authorizations and Licenses (DOJ Petition).¹⁰ In its petition, DOJ advises the Commission that it has no objection to the Commission approving the Application, “provided that the Commission conditions its approval on the assurances of North State Telecommunications Co. (“North State”) and MTN Infrastructure TopCo, Inc. (“MTN”), and [sic] to abide by the commitments and undertakings set forth in the April 7, 2020 Letter of Agreement (“LOA”).”¹¹

In accordance with the request of DOJ and in the absence of any objection from the Applicants, we grant the DOJ Petition, and, accordingly, we condition grant of the Application on compliance by Applicants with the commitments and undertakings set out in the LOA from Lynn B. Wellborn, North State Telecommunications Corporation, Executive Vice President and Chief Administrative Officer, to the Assistant Attorney General for National Security, United States Department of Justice, National Security Division.¹² A failure to comply with and/or remain in compliance with any of the provisions of

⁵ *Id.* at 3.

⁶ Applicants provide in Exhibits B and C to the Application a description of each of the U.S. and foreign entities in the chain of ownership that will hold a 10% or greater interest in North State Parent and the pre- and post-transaction corporate ownership structure of those relevant entities.

⁷ Application at 3-4.

⁸ MTN Jan. 14 Letter at 1-2. MTN Infrastructure’s subsidiaries also include two incumbent LECs in Virginia, Lumos Telephone Inc. and Lumos Telephone of Botetourt Inc. Application at 14.

⁹ Letter from Christopher R. Clements, U.S. Department of Justice, to Marlene H. Dortch, FCC, WC Docket No. 19-393; ITC-T/C-20191223-00201 (filed Jan. 21, 2020) (on file in WC Docket No. 19-393).

¹⁰ Petition to Adopt Conditions to Authorizations and Licenses, ITC-T/C-20191223-00201; WC Docket Nos. 19-393 (filed April 8, 2020) (DOJ Petition) (on file in WC Docket No. 19-393).

¹¹ *Id.* at 1; Letter from Lynn B. Wellborn, Executive Vice President, Chief Administrative Officer, North State Telecommunications Corporation, to the Assistant Attorney General for National Security, United States Department of Justice, ITC-T/C-20191223-00201; WC Docket No. 19-393 (dated Apr. 7, 2020) (on file in WC Docket No. 19-393).

¹² *Applications of T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations, et al.*, WT Docket 18-197, Memorandum Opinion and Order, Declaratory Ruling, and Order of Proposed Modification, 34 FCC Rcd 10578, 10732-33, para. 349 (2019); *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market; Market Entry and Regulation of Foreign-Affiliated Entities*, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891, 23918-21, paras. 59-66 (1997) (*Foreign Participation Order*), *recon. denied*, 15 FCC Rcd 18158 (2000) (in opening the U.S. telecommunications market to foreign entry in 1997, the Commission affirmed that it would consider national security, law enforcement, foreign policy, and trade policy concerns related to reportable foreign ownership as part of its overall public interest review of applications for international section 214 authority, submarine cable landing licenses, and declaratory rulings to exceed the foreign ownership benchmarks of section 310(b) of the Act).

the LOA shall constitute a failure to meet a condition of this authorization and thus grounds for declaring the underlying authorizations and licenses terminated without further action on the part of the Commission. Failure to meet a condition of this authorization may also result in monetary sanctions or other enforcement action by the Commission.

Grant of Application, Subject to Condition

We find, upon consideration of the record, that the proposed transfer will serve the public interest, convenience, and necessity.¹³ The proposed transfer presents no significant competitive harms and should result in a stronger competitor to larger integrated providers.¹⁴ This grant of the Application and the DOJ Petition is conditioned as set out in this Public Notice.¹⁵

Pursuant to sections 214 of the Act, 47 U.S.C. §§ 214 and sections 0.91, 0.291, 63.03, and 63.04 of the Commission's rules, 47 CFR §§ 0.91, 0.291, 63.03, and 63.04, we grant the Application and the DOJ Petition with the condition described above. Pursuant to section 1.103 of the Commission's rules, 47 CFR § 1.103, the consent granted herein is effective upon the release of this Public Notice. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 CFR §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

For further information, please contact Dennis Johnson, Wireline Competition Bureau, (202) 418-1191.

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¹³ See 47 U.S.C. § 214(a); 47 CFR § 63.03.

¹⁴ See, e.g., *Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Red 9581, 9594, 9605, paras. 26 and 52 (2017) (finding no harm to competition in CenturyLink's incumbent LEC territory, nor outside of CenturyLink's incumbent LEC territory, where applicants operate as competitive LECs, and further finding that the transaction "will expand the on-net reach of the newly combined firm resulting in a more effective and stronger competitor against larger cable and incumbent LEC competitors, among others, particularly outside of Century Link's incumbent LEC region, where it, like Level 3, operates as a competitive LEC.").

¹⁵ The Applicants provide incumbent LEC services in their respective study areas. Within 30 days of closing the proposed transaction, they must notify USAC so that it can make any appropriate changes to the High Cost Universal Broadband (HUBB) on-line location reporting portal for universal service recipients.