



PUBLIC NOTICE

Federal Communications Commission
45 L St., N.E.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>

DA 21-1407
November 9, 2021

**DOMESTIC SECTION 214 APPLICATION FILED FOR THE
TRANSFER OF CONTROL OF STRATUS NETWORKS, INC.
TO SATURN ACQUISITION COMPANY, INC.**

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 21-419

Comments Due: November 23, 2021

Reply Comment Due: November 30, 2021

By this Public Notice, the Wireline Competition Bureau (Bureau) seeks comment from interested parties on an application filed by Stratus Networks, Inc. (Stratus) and Saturn Acquisition Company, Inc. (Saturn) (together, 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 Stratus to Saturn.¹

Stratus, an Illinois corporation, provides competitive telecommunications services in multiple states.² Saturn, a Delaware corporation, does not itself offer domestic telecommunications services but is affiliated with Horizon Telecom, Inc. (Horizon), an Ohio corporation and telecommunications holding company that owns the Chillicothe Telephone Company (CTC). CTC, an Ohio corporation, provides rural incumbent local exchange carrier (LEC) services within 10 exchanges in central Ohio and provides other telecommunications services in multiple states.³ Applicants state that Stratus does not provide any facilities-based telecommunications services within the service areas of Horizon and CTC, and specifically that Stratus does not provide any telecommunications services in CTC's incumbent LEC exchanges in Ohio.

Saturn is indirectly wholly-owned by Saturn Networks Holdings, Inc., a Delaware corporation, which, in turn, is owned by the following three U.S. entities: Novacap Saturn

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04. On November 3, 2021 and November 9, 2021, Applicants filed supplements to their domestic section 214 application. Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications.

² The following U.S. citizens and U.S. entities currently own Stratus: John Petrakis (30% equity and voting interests), Kevin Morgan (30% equity and voting interests), John D. Petrakis Dynasty Trust (20% equity and voting interests), and Kevin Morgan Generational Trust (20% equity and voting interests).

³ CTC provides service in the following exchanges: Chillicothe, Massieville, Frankfort, Londonderry, Bainbridge, Kingston, Bourneville, Hallsville, Richmondale, and Clarksburg exchanges that serve portions of the central Ohio counties of Ross, Pike, Pickaway, Jackson, Hocking, and Vinton. Applicants state that neither Saturn, Horizon, or CTC hold a 10% or greater interest in any other provider of domestic telecommunications services.

Holdings, L.P. (Novacap Saturn Holdings) (58.4%);⁴ John D. Petrakis Dynasty Trust (20.8%); and Kevin Morgan Generational Trust (20.8%).

Pursuant to the terms of the proposed transaction, Saturn will acquire all of the outstanding shares and membership interest in Stratus. Applicants state that, following the consummation of the transaction, Novacap Saturn Holdings and ultimately, Novacap, will control 58.4% of the equity of Stratus, while two of the current owners of Status, John D. Petrakis Dynasty Trust and Kevin Morgan Generational Trust, will each hold a 20.8% interest in Saturn.⁵

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 the application for filing under section 63.03(b)(2)(ii) of the Commission's rules.⁶

Domestic Section 214 Application Filed for the Transfer of Control of
Stratus Networks, Inc. to Saturn Acquisition Company, Inc., WC Docket No. 21-419
(filed Oct. 25, 2021).

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, 2021**, and reply comments **on or before November 30, 2021**. 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.

⁴ The following Delaware and Quebec entities hold a 10% or greater interest in Novacap Saturn Holdings: Novacap International TMT V, L.P. (Novacap International) (a Delaware entity holding 23.5% voting and 16.5% equity); Novacap TMT V, L.P. (Novacap TMT) (a Quebec entity holding 32.4% voting and 22.8% equity); and PVM Co-Investments I, L.P. (a Quebec entity and passive investor holding 17.4% equity). Novacap Management, Inc. (Novacap), a Quebec entity, is the general partner of Novacap International and Novacap TMT and, for the purposes of controlling their votes, Applicants state that the Board of Directors of Novacap has delegated to a seven member TMT Investment Committee, all decision-making authority in connection with its role as the general partner of both Novacap TMT and Novacap International. Novacap Fund Management Inc., a Quebec entity and the corporate parent of Novacap, holds 100 percent of the voting interest in Novacap. The shareholders of Novacap Fund Management Inc. are 14 Canadian citizens (seven of whom make up the TMT V Investment Committee, which holds decision-making authority related to Stratus) and one U.S. citizen, none of whom holds a 10% or greater interest in Saturn.

⁵ In the *Executive Branch Review Process Order*, the Commission stated that it would not routinely refer standalone applications to transfer control of domestic section 214 authority with reportable foreign ownership to the Executive Branch for review for national security, law enforcement, foreign policy, and trade policy issues. *See Process Reform for Executive Branch Review of Certain FCC Applications and Petitions Involving Foreign Ownership*, IB Docket 16-155, Report and Order, 35 FCC 10927, 10936, para. 25 (2020).

⁶ 47 CFR § 63.03(b)(2)(ii).

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

People with Disabilities: We ask that requests for accommodations be made as soon as possible in order to allow the agency to satisfy such requests whenever possible. Send an email to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at (202) 418-0530.

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.⁷ 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.

-FCC-

⁷ See 47 CFR § 1.45(c).