



PUBLIC NOTICE

Federal Communications Commission
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Washington, D.C. 20554

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

DA 21-1432
November 15, 2021

NOTICE OF DOMESTIC SECTION 214 AUTHORIZATION GRANTED

WC Docket No. 21-377

The Wireline Competition Bureau (Bureau) grants the application¹ listed in this Public Notice pursuant to the Commission's streamlined procedures for domestic section 214 transfer of control applications, 47 CFR § 63.03. The Bureau determined that a grant of this application serves the public interest.² For purposes of computation of time when filing a petition for reconsideration or application for review, or for judicial review of the Commission's decision, the date of "public notice" shall be the release date of this Public Notice.³ Should no petition for reconsideration, application for review, or petition for judicial review be timely filed, the proceeding listed in this Public Notice shall be terminated, and the docket will be closed.

Domestic Section 214 Application Filed for the Transfer of Control of
Climax Telephone Company to MetroNet Systems Holdings, LLC, WC Docket No. 21-377,
Public Notice, DA 21-1284 (WCB 2021).⁴

¹ Joint Application for Grant of Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, and Section 63.04 of the Commission's Rules to Transfer Indirect Control of Climax Telephone Company to MetroNet Systems Holdings, LLC, WC Docket No. 21-377 (filed Sept. 29, 2021) (Application).

² *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, Report and Order, 17 FCC Rcd 5517, 5529, para. 22 (2002).

³ *Id.*; see 47 CFR § 1.4 (Computation of time).

⁴ The common interests of MetroNet Systems Holdings, LLC (MetroNet Systems Holdings) are held, along with other entities, by the Oak Hill Investors, which are affiliated with Oak Hill Capital Management, and through which MetroNet Systems Holdings is affiliated with companies that receive universal service support under the different mechanisms of fixed model-based support and cost-based support. Application at n.2, 11-15. The section 214 holder to be acquired in the proposed transaction, Climax Telephone Company d/b/a CTS Telecommunications, Inc. (Climax), receives cost-based support as an average schedule company. Application at 10-11; Universal Service Administrative Co., Tools, <https://www.usac.org/high-cost/resources/tools/> (ACAM, ACAM II and CAF BLS Buildout Requirements). The potential for a transaction-specific harm exists if Climax converts from an average schedule company to a cost company, thereby triggering an incentive to shift costs from affiliated companies receiving model-based support to Climax. Accordingly, to mitigate the potential for cost shifting, we grant the Application subject to the following condition: if Climax converts to a non-average schedule cost company, that conversion will trigger application of the condition and associated requirements established in the *Hargray/ComSouth Order*, to which Oak Hill Investor companies are already subject, and as discussed in the *Average Schedule Grant Public Notice. Joint Application of W. Mansfield Jennings Limited Partnership and Hargray Communications*

Effective Grant Date: November 13, 2021

For further information, please contact Myrva Charles at (202) 418-1506 or Dennis Johnson at (202) 418-0809, Competition Policy Division, Wireline Competition Bureau.

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Group, Inc. for Consent to the Transfer of Control of ComSouth Corporation Pursuant to Section 214 of the Communications Act of 1934, WC Docket No. 18-52, Memorandum Opinion and Order, 33 FCC Rcd 4780, 4789, n.72 (2018) (*Hargray/ComSouth Order*); *Domestic Section 214 Applications Granted Subject to Condition*, WC Docket Nos. 17-101, 17-365, 18-68, 18-94, 18-95, 18-177, Public Notice, 33 FCC Rcd 6784 (WCB 2018) (*Average Schedule Grant Public Notice*) (granting, subject to the *Hargray/ComSouth* condition, transfers of control involving average schedule companies and model-based support companies); *Domestic Application Granted for the Transfer of Control of Prairieburg Telephone Company, Incorporated*, WC Docket No. 21-3, Public Notice, DA 21-333, at 1 and n.13 (WCB 2021) (*Prairieburg Grant Public Notice*). See *Notice of Domestic Section 214 Granted*, WC Docket No. 21-237, Public Notice, DA 21-904, n.3 (WCB 2021); *Domestic Section 214 Applications Granted Subject to Condition*, WC Docket Nos. 20-275 and 20-355, Public Notice, DA 21-346, at 3-5 (WCB 2021) (both citing *Hargray/ComSouth Order*, and granting Oak Hill Investor transactions subject to the condition). If Climax converts, the newly converted cost company's operating expense would be capped at the average of the three previous years' operating expense and combined with the inflation-adjusted operating expense data of any other affiliated cost companies. See *Prairieburg Grant Public Notice* at 1. and n.13. If Climax converts to a cost company, it must comply with the procedures we have adopted for such conversions. See *Average Schedule Grant Public Notice*, 33 FCC Rcd at 6788, n.31; *Domestic Section 214 Application Granted Subject to Condition*, WC Docket No. 18-129, Public Notice, 33 FCC Rcd 8087, 8089, n.15 (WCB 2018) (*Hospers Grant PN*) (granting, subject to the *Hargray/ComSouth* condition, the transfer of Hospers Telephone Exchange, Inc. d/b/a HTC Communications, an average schedule company, to Mutual Telephone Company of Sioux Center Iowa d/b/a Premier Communications, which owns both cost-based and fixed model-based support companies). We direct the applicants to submit in the domestic section 214 docket, WC Docket No. 21-377, a notice that the proposed transaction has closed with the consummation date, and also provide a courtesy copy of the notice to hcinfo@usac.org.