**DA 21-1577**

**Released: December 15, 2021**

**DOMESTIC SECTION 214 APPLICATION GRANTED FOR**

**THE TRANSFER OF CONTROL OF** **Troy Cablevision, Inc. and**

**Union Springs Telephone Company, Inc. TO Telapex, Inc.**

**WC Docket No. 21-411**

By this Public Notice, the Wireline Competition Bureau (Bureau) grants an application[[1]](#footnote-3) filed by Troy Cablevision, Inc., d/b/a Troy Cable (Troy Cable), Union Springs Telephone Company, Inc. (USTC), and Telapex, Inc. (Telapex) (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 consent to transfer control of Troy Cable and USTC to Telapex.[[2]](#footnote-4)

On November 4, 2021, the Bureau released a public notice seeking comment on the Application.[[3]](#footnote-5) The Bureau did not receive comments or petitions in opposition to the Application.

**Applicants and Description of Transaction**

Troy Cable, an Alabama corporation, provides competitive local exchange carrier (LEC), video, and other services in south central Alabama.[[4]](#footnote-6) Troy Cable is designated as an eligible telecommunications carrier (ETC)[[5]](#footnote-7) and participated in and was awarded support to provide service to 3,792 locations in Alabama through Phase I of the Rural Digital Opportunity Fund (RDOF) Auction.[[6]](#footnote-8) On December 14, 2021, the Bureau authorized Troy Cable to receive Auction 904 support.[[7]](#footnote-9) USTC, also an Alabama corporation and a wholly-owned subsidiary of Troy Cable, provides incumbent LEC services in Bullock County, Alabama.[[8]](#footnote-10)

Telapex, a Mississippi holding corporation, wholly-owns the following subsidiaries that provide telecommunications services: Franklin Telephone Company, Inc. (FTC), a Mississippi corporation that provides incumbent LEC services in 27 rural Mississippi counties;[[9]](#footnote-11) Callis Communications, Inc., an Alabama corporation that provides competitive LEC and long distance resale services in Mississippi; Telepak Networks, Inc. (Telepak Networks), a Mississippi corporation that provides facilities-based competitive telecommunications services in Mississippi, Alabama, and Tennessee; Cellular South, Inc., a Mississippi corporation that provides commercial mobile radio services in Mississippi, Alabama, Tennessee, and Florida;[[10]](#footnote-12) and Harbor Communications, LLC, an Alabama limited liability company that provides competitive telecommunications services in Alabama.[[11]](#footnote-13) The following U.S. citizens and Mississippi entities hold a 10% or greater interest in Telapex: James H. Creekmore (34.67%); JMC Blessings, LLC (JMC Blessings) (16.80%);[[12]](#footnote-14) Telapex, Inc. Employee Stock Ownership Plan (13.30%); Elizabeth C. Pickering (10.96%); Ashley C. Meena (10.47%); and Sidney C. Crews (10.49%).[[13]](#footnote-15)

Pursuant to the terms of the proposed transaction, Telepak Networks will acquire all of the issued and outstanding shares of Troy Cable.[[14]](#footnote-16) Following the consummation of the transaction, Troy Cable will continue to wholly-own USTC, and both Troy Cable and USTC will become indirect wholly-owned subsidiaries of Telapex.[[15]](#footnote-17)

**Discussion**

We find, upon consideration of the record, that a grant of the Application will serve the public interest, convenience, and necessity. To make this determination under Commission precedent, we consider whether the proposed transaction could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes.[[16]](#footnote-18) We then employ a balancing test weighing any potential public interest harms of the proposed transaction against any potential public interest benefits.[[17]](#footnote-19) The Applicants bear the burden of proving, by a preponderance of the evidence, that the proposed transaction, on balance, serves the public interest.[[18]](#footnote-20)

We find that there are no potential public interest harms identified in the record. First, the proposed transaction will not result in a significant reduction in competition because Telapex and its subsidiaries do not operate in the areas served by Troy Cable and USTC.[[19]](#footnote-21) Second, Troy Cable remains financially, managerially, and technically obligated to meet all public interest and performance obligations associated with the receipt of RDOF and all other universal service funding in accordance with the Commission’s pre-transaction approval of its qualifications, and we expect that the proposed transaction will not negatively impact these obligations. Indeed, Applicants have confirmed that, post-transaction, Telapex will “provide Troy Cable with additional financial resources, such as access to more capital, to meet the RDOF performance requirements,”[[20]](#footnote-22) and that Troy Cable, under the guidance of Telapex, will “adhere to the proposed build-out plans set forth in the RDOF long-form application and meet all RDOF obligations.”[[21]](#footnote-23) According to Telapex, the proposed transaction will not result in additional debt that could impact the ability of Troy Cable to meet its RDOF obligations.[[22]](#footnote-24) Applicants further confirm that Troy Cable and USTC, which receives universal service high cost support under the Alternative Connect America Cost Model (A-CAM), will continue to satisfy all applicable requirements associated with that support.[[23]](#footnote-25) Telapex, itself, owns entities receiving universal service funding, and we expect that it therefore has the requisite qualifications to ensure all commitments are met.[[24]](#footnote-26) With regard to management, Telapex has confirmed that, following the proposed transaction, Troy Cable will continue to operate as a stand-alone entity and that Telapex does not anticipate any managerial changes for the operations of Troy Cable.[[25]](#footnote-27)

We next consider whether the proposed transaction is likely to generate verifiable, transaction-specific public interest benefits.[[26]](#footnote-28) Applicants must provide evidence of a claimed benefit to allow the Commission to verify its likelihood and magnitude.[[27]](#footnote-29) Where potential harms appear unlikely, as is the case with the Application before us here, the Commission accepts a lesser degree of magnitude and likelihood than when harms are present.[[28]](#footnote-30)

The Commission has specified that ensuring consumers receive new or additional services is an important public interest factor,[[29]](#footnote-31) and accelerating private sector deployment of advanced services is one of the aims of the Communications Act.[[30]](#footnote-32) In light of the Applicants’ commitments to meet Troy Cable’s and USTC’s federal high cost funding obligations and their statement that Telapex is prepared to increase capital and other resources to expand facilities-based service offerings, we find it likely that the proposed transaction would result in some public interest benefits. In addition, as the Commission has found, the combination of competitive providers can result in a stronger and more effective competitor against larger cable and incumbent LEC providers.[[31]](#footnote-33) Absent any potential harms, and considering that the proposed transaction is likely to yield some benefits, we find, on balance, that the proposed transaction serves the public interest.

Therefore, pursuant to section 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 C.F.R. §§ 0.91, 0.291, 63.03, and 63.04, the Bureau hereby grants the Application discussed in this Public Notice.

Pursuant to section 1.103 of the Commission's rules, 47 C.F.R. § 1.103, the grant is effective upon release of this Public Notice.[[32]](#footnote-34) Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

For further information, please contact Myrva Charles at (202) 418-1506 or Gregory Kwan at (202) 418-1191

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1. Joint Application of Troy Cablevision, Inc., Union Springs Telephone Company, Inc. and Telapex, Inc. for Transfer of Control of Domestic and International Section 214 Authorizations Pursuant to Section 214 of the Communications Act, as Amended, WC Docket No. 21-411 (filed Oct. 20, 2021), <https://ecfsapi.fcc.gov/file/102084537813/214%20FCC%20Transfer%20of%20Control%20Application%20Narrative%2010%2020%2021%20%20FINAL.pdf> (Application). [↑](#footnote-ref-3)
2. *See* 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Applicants also filed applications for the transfer of authorizations associated with international services. On November 3, 2021, Applicants filed declarations supplementing their domestics section 214 application. *See* Declaration of William H. Freemen, President of Troy Cablevision, Inc., to Marlene H. Dortch, Secretary, FCC (filed Nov. 3, 2021) (on file in WC Docket No. 21-411) (Decl. of William H. Freeman); Declaration of Benjamin C. Pace, Chief Financial Officer of Telapex, Inc., to Marlene H. Dortch, Secretary, FCC (filed Nov. 3, 2021) (on file in WC Docket No. 21-411) (Decl. of Benjamin C. Pace). Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications. [↑](#footnote-ref-4)
3. *Application Filed for the Transfer of Control of Troy Cablevision, Inc. and Union Springs Telephone Company, Inc. to Telapex,* Inc., WC Docket No. 21-411, Public Notice, DA 21-1381 (WCB 2021). [↑](#footnote-ref-5)
4. Application at 2. [↑](#footnote-ref-6)
5. *See Telecommunications Carriers Eligible for Universal Service Support; Connect America Fund*, WC Docket Nos. 09-197, 10-90, Order, DA 21-663, at 12 (WCB 2021) (*RDOF ETC Order*). The Bureau stated in the *RDOF ETC Order* that ETCs seeking to transfer control of their domestic authorizations to operate pursuant to section 214 of the Act or to engage in the sale of assets under section 214 (including any authorization to receive RDOF support) must first receive approval from the Commission in accordance with sections 63.03 and 63.04 of the Commission’s rules governing the procedures for domestic transfer of control/asset applications. *See RDOF ETC Order*, DA 21-663 at 10-11, para. 30; 47 U.S.C. § 214; 47 CFR §§ 63.03-04. [↑](#footnote-ref-7)
6. Application at 3. *See Rural Digital Opportunity Fund Phase I Auction (Auction 904) Closes; Winning Bidders Announced,* AU Docket No. 20-34, WC Docket No. 19-126, WC Docket No. 10-90, Public Notice, 35 FCC Rcd 13888, Attach. A (Winning Bidder Summary) (WCB/OEA 2020); *Rural Digital Opportunity Fund Support for 2,081 Winning Bids Ready to be Authorized*, AU Docket No. 20-34, WC Docket No. 19-126, WC Docket No. 10-90, Public Notice, DA 21-1401, Attach. A (WCB/OEA 2021). [↑](#footnote-ref-8)
7. *Rural Digital Opportunity Fund Support Authorized for 2,008 Winning Bids*, AU Docket No. 20-34, WC Docket Nos. 19-126, 10-90, Public Notice, DA 21-1560, Attach. A (Authorized Long-Form Applicants and Winning Bids) (WCB/OEA 2021). [↑](#footnote-ref-9)
8. Application at 3; Decl. of William H. Freeman at para. 4. [↑](#footnote-ref-10)
9. Applicants state that consummation of the proposed transaction would not cause the service areas of Telapex or any of its wholly-owned subsidiaries to overlap or be adjacent to the service areas of either Troy Cable or USTC. Decl. of Benjamin C. Pace at para. 14; Decl. of William H. Freeman at para. 6. [↑](#footnote-ref-11)
10. Application at 4; Decl. of Benjamin C. Pace at para. 11. Applicants state that Cellular South, Inc. provides services pursuant to Commission licenses which are held by its wholly-owned subsidiary, Cellular South Licenses, LLC, a Mississippi limited liability company that provides service as an eligible telecommunications carrier in Mississippi and Alabama. Decl. of Benjamin C. Pace at paras 7 and 11. [↑](#footnote-ref-12)
11. Telapex also wholly-owns Teklinks, Inc., an Alabama corporation that provides managed and cloud services primarily in Alabama, Tennessee, and Mississippi. Decl. of Benjamin C. Pace at para. 10. [↑](#footnote-ref-13)
12. Application at 12; Decl. of Benjamin C. Pace at para. 15. Applicants state that the 16.80% interest in Telapex held by JMC Blessings is attributed to, and voted on, by James H. Creekmore and that the 16.80% interest is included in Mr. Creekmore’s 34.67% interest in Telapex. Decl. of Benjamin C. Pace at para. 16. [↑](#footnote-ref-14)
13. Applicants state that none of these individuals nor entities hold a 10% or greater interest in any other provider of domestic telecommunications services. Decl. of Benjamin C. Pace at para. 17. [↑](#footnote-ref-15)
14. Application at 7. [↑](#footnote-ref-16)
15. *Id*. [↑](#footnote-ref-17)
16. *See, e.g.*, *Application of Verizon Communications Inc. and América Móvil S.A.B. de C.V for Consent to Transfer Control of International Section 214 Authorization*, GN Docket No. 21-112; IBFS File No. ITC-T/C-20200930-00173, Memorandum Opinion and Order, FCC 21-121, at para. 21 (rel. Nov. 22, 2021) (*Verizon-TracFone Order*) (citing *China Mobile International (USA) Inc., Application for Global Facilities-Based and Global Resale International Telecommunications Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended*, Memorandum Opinion and Order, 34 FCC Rcd 3361, 3366, para. 9 (2019); *Applications for Consent to the Assignment and/or Transfer of Control of Licenses, Adelphia Communications Corporation (and subsidiaries, debtors-in-possession), Assignors, to Time Warner Cable Inc. (subsidiaries), Assignees; Adelphia Communications Corporation, (and subsidiaries, debtors-in-possession), Assignors and Transferors et al*., MB Docket No. 05-192, Memorandum Opinion and Order, 21 FCC Rcd 8203, 8219-21, paras. 27-28 (2006) (*Adelphia-TWC Order*)). [↑](#footnote-ref-18)
17. *See Verizon-TracFone Order* at para. 21 (citing *Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations*, MB Docket No. 14-90, Memorandum Opinion and Order, 30 FCC Rcd 9131, 9140, para. 18 (2015) (*AT&T-DIRECTV Order*) (further internal citations omitted)). [↑](#footnote-ref-19)
18. *See Verizon-TracFone Order* at para. 21 (citing *AT&T-DIRECTV Order*, 30 FCC Rcd at 9140, para. 18; *Adelphia-TWC Order*, 21 FCC Rcd at 8217, para. 23; *Application of EchoStar Communications Corp., General Motors Corp., and Hughes Electronics Corp., Transferors, and EchoStar Communications Corp., Transferee*, CS Docket No. 01-348, Hearing Designation Order, 17 FCC Rcd 20559, 20574, para. 25 (2002) (further internal citations omitted)). [↑](#footnote-ref-20)
19. Decl. of Benjamin C. Pace at para. 14; Decl. of William H. Freeman at para. 6. [↑](#footnote-ref-21)
20. Decl. of Benjamin C. Pace at para. 6. [↑](#footnote-ref-22)
21. Decl. of Benjamin C. Pace at para. 5; Decl. of William H. Freeman at para. 3. [↑](#footnote-ref-23)
22. Decl. of Benjamin C. Pace at para. 6. [↑](#footnote-ref-24)
23. Decl. of William H. Freeman at para. 2; Application at 3. [↑](#footnote-ref-25)
24. Decl. of Benjamin C. Pace at paras. 3, 7 (describing A-CAM support received by FTC, an incumbent LEC, and Cellular South, Inc., an ETC receiving high cost support, both of which are affiliates of Telapex.); Application at 3-4. [↑](#footnote-ref-26)
25. Decl. of Benjamin C. Pace at para. 4. [↑](#footnote-ref-27)
26. *See AT&T/DIRECTV Order*, 30 FCC Rcd at 9237, para. 273-274. [↑](#footnote-ref-28)
27. *See id*. at 9237-38, paras. 275-76. [↑](#footnote-ref-29)
28. *See id*. [↑](#footnote-ref-30)
29. *See, e.g.*, *AT&T-DIRECTV Order*, 30 FCC Rcd at 9140, para. 19. [↑](#footnote-ref-31)
30. *See Verizon-TracFone Order* at para. 22 (citing 47 U.S.C. §§ 254, 332(c)(7), 1302; Telecommunications Act of 1996, Preamble, Pub. L. No. 104-104, 110 Stat. 56 (1996) (one purpose of the Act is to “accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services”)). [↑](#footnote-ref-32)
31. *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 Rcd 9581, 9594, 9605, paras. 26 and 52 (2017) (finding no harm to competition 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.”). [↑](#footnote-ref-33)
32. We direct Applicants to submit, within 30 days of closing the proposed transaction, a notice in WC Docket No. 21-411 that the proposed transaction has closed, including the consummation date, and also provide a courtesy copy of the notice to [hcinfo@usac.org](mailto:hcinfo@usac.org). [↑](#footnote-ref-34)