**DA 22-31**

**Released: January 12, 2022**

**DOMESTIC SECTION 214 APPLICATION FILED FOR THE**

**ACQUISITION OF CERTAIN ASSETS OF HARGRAY OF TALLAHASSEE, LLC**

**AND LOW COUNTRY CARRIERS, INC. D/B/A HARGRAY LONG DISTANCE
BY MetroNet Systems, LLC**

**STREAMLINED PLEADING CYCLE ESTABLISHED**

**WC Docket No. 21-504**

**Comments Due: January 26, 2022**

**Reply Comment Due: February 2, 2022**

By this Public Notice, the Wireline Competition Bureau (Bureau) seeks comment from interested parties on an application filed by Hargray of Tallahassee LLC (HOT), Low Country Carriers, Inc. d/b/a Hargray Long Distance (LCC), and MetroNet Systems, LLC (MetroNet) (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 certain assets and customers of HOT and LLC to MetroNet.[[1]](#footnote-3)

HOT, a Delaware limited liability company, is a competitive local exchange carrier (LEC) in Florida. Applicants state that, pursuant to an internal reorganization prior to consummation of the proposed transaction, HOT’s affiliate, Hargray of Florida, Inc. (HOF), will transfer certain assets and customers to HOT in and around the Tallahassee, Florida area. LCC, a South Carolina corporation, is an interexchange carrier in South Carolina and provides services exclusively to the customers of its affiliated carriers, including HOT and HOF. HOT and LCC are subsidiaries of Cable One, Inc. (Cable One), a Delaware corporation providing telecommunications and other services in 24 states.[[2]](#footnote-4)

MetroNet, a Delaware limited liability company, is an indirect, wholly-owned subsidiary of MetroNet Holdings, LLC (Holdings). Holdings, a Delaware holding company, provides telecommunications and other services through the following U.S.-based subsidiaries: Climax, an incumbent LEC and competitive LEC in Michigan; CMN-RUS, Inc., a competitive LEC and interexchange carrier in Indiana and Kentucky; Jaguar Communications, Inc., a competitive LEC and interexchange provider in Minnesota; and Metro FiberNet, LLC (MFN), a competitive LEC and interexchange provider in Florida, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, North Carolina, Wisconsin, and Virginia. The following entities hold a 10% or greater interest in Holdings: the Oak Hill Investors;[[3]](#footnote-5) the Cinelli Investors;[[4]](#footnote-6) and funds advised and/or managed by indirect subsidiaries of KKR & Co. Inc. (KKR).[[5]](#footnote-7) Applicants state that the Oak Hill Investors and the Cinelli Investors each have negative *de facto* control of Holdings.

Pursuant to the terms the proposed transaction, MetroNet will purchase certain assets and customers of HOT, including certain customer accounts, certain customer and vendor agreements and contracts, and certain equipment in and around the Tallahassee, Florida area. As a result, MetroNet and/or its affiliates will provide telecommunications services to the affected customers. After consummation of the proposed transaction, HOT would no longer provide any services.

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.[[6]](#footnote-8) We accept the Application for filing under section 63.03(b)(2)(ii) of the Commission’s rules.[[7]](#footnote-9)

Domestic Section 214 Application Filed for the Acquisition of Certain Assets of Hargray of Tallahassee LLC and Low Country Carriers, Inc. d/b/a Hargray Long Distance by MetroNet Systems, LLC, WC Docket No. 21-504 (filed Dec. 23, 2021).

**GENERAL INFORMATION**

The transfer of assets 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 January 26, 2022**, and reply comments **on or before February 2, 2022**. 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.

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. Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, dennis.johnson@fcc.gov;
3. David Krech, Telecommunications and Analysis Division, International Bureau, david.krech@fcc.gov; and
4. 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.[[8]](#footnote-10) 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 Dennis Johnson at (202) 418-0809.

**FCC**

1. *See* 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Joint Application for Authority to Assign Assets of Hargray of Tallahassee, LLC and Low Country Carriers, Inc. d/b/a Hargray Long Distance to MetroNet Systems, LLC, WC Docket No. 21-504 (filed Dec. 23, 2021) (Application). Applicants filed a supplement to their application on January 10, 2022. Letter from Nancy J. Victory to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket No. 21-504 (filed Jan. 10, 2022) (Supplement Letter). Applicants also filed applications for the transfer of authorizations associated with international services. Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications. [↑](#footnote-ref-3)
2. On December 20, 2021, the Bureau granted the domestic section 214 application to transfer control of HOF, a subsidiary of Cable One, to NewCo, a joint venture between Cable One and certain investors. *Notice of Domestic Section 214 Authorization Granted*, WC Docket No. 21-431, Public Notice, DA 21-1608 (WCB 2021). [↑](#footnote-ref-4)
3. The Application at 7-12 and Supplement Letter at Ex. A (Post-Transaction Ownership of MetroNet Systems, LLC) at 2-3 describes in detail the post-transaction ownership of the Oak Hill Investors and MetroNet. The Oak Hill Investors are affiliated with Oak Hill Capital Management and include OHCP MGP V, Ltd. (OHCP MGP V) and certain funds and entities that it controls and OHCP GenPar Super HoldCo GP, Ltd. and certain funds and entities that it controls. Oak Hill Capital Management, a private equity fund, is based in the U.S. but whose funds are organized in the Cayman Islands. Control of these funds ultimately rests in U.S. entities or citizens. OHCP MGP V, a Cayman Islands entity, is the ultimate general partner of certain Oak Hill Investors. OHCP MGP V indirectly holds a 39.9% interest in Holdings, with its shares distributed equally among twelve U.S. citizens. Through the Oak Hill Investors that it controls, OHCP MGP V currently holds a 10% or greater interest in Otelco, Inc. and its subsidiaries, Ontario Telephone Company, Trumansburg Telephone Company, Inc., and Finger Lakes Communications Group, Inc., all of which provide incumbent LEC and competitive LEC services in multiple states. OHCP MGP V also holds a 10% or greater interest in several other entities providing competitive telecommunications, cable service, and other services in multiple states. OHCP GenPar Super HoldCo GP, Ltd. has three equal shareholders, all of which are U.S. citizens. According to Applicants, seven individuals who hold interests in one or more Oak Hill Investors may hold a greater than 10% interest in MetroNet. [↑](#footnote-ref-5)
4. Applicants provide information on each of the entities and individuals who are included in the Cinelli Investors in the Application at 7-9. Applicants state that all the Cinelli Investors are U.S. citizens, trusts, or entities. John Cinelli and Janet Cinelli, both U.S. citizens, are the Co-Trustees and control Cinelli Investors. [↑](#footnote-ref-6)
5. The Application at 7-9, 13-17, and Supplement Letter at Ex. A at 4 describes in detail the post-transaction ownership of the KKR investor entities. KKR, an investment firm, and the KKR investor entities are owned by one or more funds advised and/or managed by indirect subsidiaries of KKR, a publicly-traded Delaware corporation. Two U.S. citizens jointly control KKR Management LPL, a Delaware limited liability partnership, which holds the right to elect and remove the members of KKR & Co. Inc.’s board of directors. [↑](#footnote-ref-7)
6. In the *Executive Branch Review Process Order*, the Commission set out categories of applications with reportable foreign ownership that may be excluded from referral 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, 10938-42, paras. 29-39 (2020) (*Executive Brach Review Process Order*). Applicants have made a showing that the only reportable foreign ownership in MetroNet Holdings, LLC is through passive, offshore intermediary holding companies and that 100% of the ultimate control is held by U.S. citizens or entities. We are exercising our discretion and are not referring this application to the Executive Branch agencies. *See id.* at 10941, para. 36, n.99; *see also id.* at 10957, para. 81, n.205. [↑](#footnote-ref-8)
7. 47 CFR § 63.03(b)(2)(ii). [↑](#footnote-ref-9)
8. *See* 47 CFR § 1.45(c). [↑](#footnote-ref-10)