



PUBLIC NOTICE

Federal Communications Commission
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DA 23-1089

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DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF CABLESOUTH MEDIA III, LLC TO MIP VI OUTLIER, LLC

NON-STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 23-372

Comments Due: November 30, 2023

Reply Comment Due: December 7, 2023

By this Public Notice, the Wireline Competition Bureau (Bureau) seeks comment from interested parties on an application filed by Hunt Group Holdings, LLC (Hunt Group), ITC Holdings, LLC (ITC Holdings), CableSouth Media III, LLC d/b/a Swyft Fiber (CableSouth), and MIP VI Outlier, LLC (MIP VI Outlier, collectively with Hunt Group, ITC, and CableSouth, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended, and sections 63.03-04 of the Commission's rules,¹ requesting consent to transfer control of CableSouth to MIP VI Outlier.²

CableSouth, a Tennessee limited liability company, provides Internet service, video programming, and other communications services to residential customers throughout the Southeastern United States and, under the brand names "SwyftConnect" and "Swyft Fiber," CableSouth offers broadband Internet access, video, and digital voice services to residential, enterprise, and government customers in Arkansas, Louisiana, and Mississippi.³ CableSouth is an Eligible Telecommunications Carrier (ETC) in Arkansas, Louisiana, and Mississippi and, on March 15, 2022, the Bureau authorized CableSouth to receive \$152.9 million in Rural Digital Opportunity Fund (RDOF) Auction 904 support to provide service to 57,387 locations be distributed over ten years in Arkansas, Louisiana, and Mississippi.⁴ CableSouth is wholly owned by CableSouth Media, LLC, a Tennessee limited liability

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04.

² Application of Hunt Group Holdings, LLC, ITC Broadband Holdings, LLC, CableSouth Media III, LLC, and MIP VI Outlier, LLC for Consent to Transfer of Control Pursuant to Section 214 of the Communications Act of 1934, as Amended, WC Docket No. 23-372 (filed Oct. 27, 2023) (Application). Any action on this domestic section 214 application is without prejudice to Commission action on other pending applications.

³ Application at 3.

⁴ See *Rural Digital Opportunity Fund Support Authorized for 5,657 Winning Bids*, AU Docket 20-34, WC Docket Nos. 19-126, 10-90, Public Notice, 37 FCC Rcd 3570 (WCB/OEA 2022); see also Application at 3. Applicants state that CableSouth was a member of the Segnem Eger Consortium (the Consortium), which was an auction winner for RDOF Phase I support in Arkansas, Louisiana, and Mississippi, and that the Consortium assigned its winning RDOF bids to CableSouth. Application at 3 n.5. Applicants further state that CableSouth participates in

company, which, in turn, is wholly owned by Hunt Land Holdings, LLC (Hunt Land Holdings), a Louisiana limited liability company.⁵ Hunt Land Holdings, a Louisiana holding company, is wholly owned by CSM Intermediate, LLC, which, in turn, is wholly owned by CSM Holding Company, LLC (CSM Holding), both Delaware limited liability companies.⁶ Hunt Group, a Louisiana limited liability company, currently owns 65% of the equity in CSM Holding. ITC Holdings, a Delaware limited liability company, owns the remaining 35 percent.⁷ Following the consummation of the proposed transaction, Hunt Group will hold 50% indirect equity and voting of CSM Holding and, therefore, a 50% indirect interest in CableSouth.⁸

MIP VI Outlier, a Delaware limited liability company, has been established to acquire an ownership interest in CSM Holding and is indirectly owned by investment vehicles managed by and/or affiliated with Macquarie Infrastructure Partners Inc. (MIP Inc.), a Delaware corporation, which is a wholly-owned subsidiary of Macquarie Infrastructure and Real Assets Inc. (MIRA Inc.).⁹ MIRA Inc. is a wholly-owned subsidiary of Macquarie Holdings (U.S.A.) Inc., a Delaware corporation, which, in turn, is held by various intermediate Australian entities ultimately held by Macquarie Group Limited (MGL), a publicly traded company incorporated in Australia.¹⁰ Applicants state that MIP VI Outlier is affiliated with various providers of domestic communications and telecommunications services including Bluebird Network, LLC (Bluebird)¹¹ and Cincinnati Bell Inc. d/b/a altafiber (Cincinnati Bell).¹² Applicants state that two of Cincinnati Bell's subsidiaries receive RDOF Auction 904 support:

the Lifeline program and the Affordable Connectivity Program as well as receives federal support through the E-Rate and Emergency Connectivity Fund programs. *Id.* at 3.

⁵ *Id.* at 2. Applicants provide information on individuals and entities holding a pre- and post-transaction 10% or greater interest in CableSouth. *See id.* at Exh. A (Pre-Transaction Organizational Chart), Exh. B (Post-Closing Indirect Interests in CableSouth by Hunt Group), and Exh. C (Post-Closing Indirect Interest in CableSouth by MIP VI Outlier, LLC).

⁶ *Id.* at 2-3.

⁷ *Id.* at 2.

⁸ *Id.* at 13, Exh. A at 2. The 10% or greater owners of Hunt Group is currently held by Troy Borque (15%), Jason Hunt (15%), and Wilton K. Hunt (13.5%), each U.S. citizens, each of which will continue to hold an interest in CableSouth post-transaction. *See, e.g., id.* at Exh. A at 1 and 2, Exh. B at 1-2.

⁹ Application at 4, Exh. A at 2, Exh. C at 2.

¹⁰ *Id.* at Exh. A at 2, Exh. C at 2-3. Applicants state that MIP Inc. and MIRA Inc. are part of the Real Assets division of Macquarie Asset Management (MAM), an operating group within MGL. Application at 4. Applicants state that MIP VI Outlier is affiliated with Accelecom Holdings LLC through an interest held by a division of Macquarie Capital, which is ultimately owned by MGL. *Id.* at n.10. Accelecom, through its affiliates, provides enterprise and wholesale services in Alabama, Florida, Georgia, Kentucky, Ohio, South Carolina, and Tennessee. *Id.*

¹¹ *Id.* at 15-16. Bluebird, which is owned by a fund managed by MIP Inc., provides domestic telecommunications through: a) Missouri Network Alliance, LLC d/b/a Bluebird Network (MNA), a provider of transport and Internet services to wholesale and enterprise customers in Missouri, Illinois, Iowa, Oklahoma, Kansas, Kentucky, Tennessee, Nebraska, and Wisconsin, as well as a provider tandem switching and transport services for interexchange carriers in Missouri pursuant to interstate and intrastate tariffs; b) Illinois Network Alliance, LLC, a provider of transport and Internet access services to wholesale customers in Illinois, Kentucky, and Tennessee; and c) PEG Bandwidth IL, LLC, a provider of competitive interexchange services in Illinois, Indiana, Iowa, and Missouri. *Id.*

¹² *Id.* at 16-17. MIP VI Outlier is affiliated with Red Fiber Parent, LLC, which is majority-owned by an investment vehicle managed by MIP Inc. *Id.* at 16. Red Fiber Parent, LLC owns Cincinnati Bell, which, through its subsidiaries, provides telecommunications services to residential and business customers through the following

CBT receives RDOF Auction 904 support in Indiana, Kentucky, and Ohio, and HTI receives RDOF Auction 904 support in Hawaii.¹³

According to the Applicants, following the consummation of the transaction, Hunt Group and MIP VI Outlier will each hold a 50% interest in CSM Holding, with MIP VI Outlier holding *de jure* and *de facto* control, according to the following terms of the proposed transaction:

On September 1, 2023, CSM Holding, Hunt Group, and MIP VI Outlier entered into a Membership Interest Purchase Agreement (MIPA), pursuant to which MIP VI Outlier will acquire 50 percent of the voting and certain approval rights at the closing of the proposed transaction (the Closing), and units representing at least 50 percent of the equity value of CSM Holding, which MIP VI Outlier will purchase directly from CSM Holding (Baseline Investment). In addition to the Baseline Investment, under certain conditions set forth in the MIPA, MIP VI Outlier may be required to make an additional investment to repay certain related-party indebtedness of CSM Holding, in exchange for additional equity interests in CSM Holding.

In connection with the Baseline Investment, CSM Holding and ITC Holdings have entered into a redemption agreement pursuant to which a portion of MIP VI Outlier's Baseline Investment will be paid to ITC Holdings, and CSM Holding will redeem in full ITC Holdings' current interests in CSM Holding (and thereby its indirect interest in CableSouth). After the close of the Proposed Transaction, ITC Holdings will no longer have any interest in either CSM Holding or CableSouth.

Therefore, subject to the potential adjustment to the Baseline Investment and redemption of the ITC Holdings interest described above, at the Closing, MIP VI Outlier will acquire an ownership stake of up to 70 percent of the equity value of CSM Holding, with the balance of the equity interest in CSM Holding owned by Hunt Group. In addition, at the Closing, MIP VI Outlier will have the right to appoint four of the eight managers to the board of managers of CSM Holding. The other four board managers will be appointed by Hunt Group. Thus, at Closing, MIP VI Outlier will have a 50 percent voting interest in CSM Holding.

Further, after the Closing, the consent of MIP VI Outlier will be required for CSM Holding to take or effect certain actions, including, among others: hiring, removing, or setting the compensation of certain senior management persons; fundamentally changing the nature of the business; and annual budget approvals. MIP VI Outlier may under certain circumstances have the right to appoint an additional manager to the board (and thus, five out of nine managers) and, in such event, would have approximately 56 percent of the voting power on the board. All of these interests and rights to be granted to MIP VI Outlier in connection with

entities: a) Cincinnati Bell Telephone Company LLC (CBT), an incumbent local exchange carrier (LEC) providing service in portions of Ohio, Kentucky, and Indiana; b) Cincinnati Bell Extended Territories LLC, a competitive LEC providing service in Ohio in areas outside CBT's territory, which also holds authorization but does not currently provide competitive LEC and interexchange service throughout Ohio, Kentucky, and Indiana; c) CBTS Technology Solutions LLC, a nationwide long distance competitive LEC which also provides other communications services in all states except Alaska and Hawaii; d) Hawaiian Telecom, Inc. (HTI), an incumbent LEC in Hawaii; e) Hawaiian Telecom Services Company, Inc., a provider of interstate and intrastate long distance, wireless, and other communications services in Hawaii; and f) Wavcom Solutions Corporation, a competitive LEC providing service in Hawaii. *Id.* at 16-17.

¹³ *Id.* at 19.

the Proposed Transaction taken together would result in a de jure and de facto transfer of control¹⁴

Applicants assert that a grant of the Application would serve the public interest, convenience, and necessity.¹⁵ They state that the proposed transaction will provide CableSouth access to capital from new funding sources from new equity investors to continue the network construction and deployment of fiber-to-the-home (FTTH) and other communications services that CableSouth has described in its long-form RDOF application, and also to accelerate deployment of the company’s fiber network and services beyond the RDOF locations in Arkansas, Louisiana, and Mississippi.¹⁶ Applicants state that neither MIP VI Outlier nor its owners provide or hold any other attributable interest in any entity that provides any telecommunications services in the markets where CableSouth operates.¹⁷ Applicants further state that CableSouth will remain financially, managerially, and technically capable of meeting its public interest and performance obligations under the RDOF program and that the proposed transaction involves a structured equity investment, and it does not entail any increase to the debt load of CSM Holding or CableSouth or their affiliates.¹⁸ Applicants also state that the proposed transaction will result in neither a new authorization holder nor the assignment of any support or assets, and Applicants confirm that all support received through RDOF, and the network assets built in connection with the RDOF program, will remain with CableSouth.¹⁹

Because the proposed transaction would involve the exchange and assumption of Universal Service Fund high-cost mechanism obligations, in order to sufficiently analyze whether the proposed transaction would serve the public interest, we accept the Application for non-streamlined processing.²⁰

No Referral to Executive Branch Agencies: The Commission determined in the *Executive Branch Review Process Order* that it would not routinely refer to the Executive Branch “standalone applications to transfer control of domestic section 214 authority.”²¹ The Commission, however, retains the discretion to refer a domestic-only section 214 transaction should it find that a particular application may raise national security, law enforcement, foreign policy, or trade policy concerns for which it would benefit from the advice of the Executive Branch.²² Applicants state that the Application involves the transfer of control of carriers that hold only domestic section 214 authority and that, consistent with the decision in the *Executive Branch Review Process Order*, the Application does not require a referral to the Executive Branch.²³ We do not find any special circumstances that warrant

¹⁴ *Id.* at 4-6.

¹⁵ *Id.* at 6-9.

¹⁶ *Id.* at 7.

¹⁷ *Id.* at 8.

¹⁸ *Id.* at 9.

¹⁹ *Id.*

²⁰ See 47 CFR § 63.03(c)(1)(v).

²¹ *Process Reform for Executive Branch Review of Certain FCC Applications and Petitions Involving Foreign Ownership*, IB Docket No. 16-155, Report and Order, 35 FCC Rcd 10927, 10936, para. 25 (2020) (*Executive Branch Review Process Order*).

²² *Id.*

²³ Application at 14-15.

referral of this Application to the Executive Branch agencies. While we are not referring the Application, we will provide a courtesy copy of this public notice to the Executive Branch agencies.²⁴

Domestic Section 214 Application Filed for the Transfer of Control of CableSouth Media III, LLC to MIP VI Outlier, LLC, WC Docket No. 23-372 (filed Oct. 27, 2023).

GENERAL INFORMATION

The applications identified herein has been found, upon initial review, to be acceptable for filing. The Commission reserves the right to return any applications if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies.

Interested parties may file comments **on or before November 30, 2023**, and reply comments **on or before December 7, 2023**. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by paper.

- **Electronic Filers:** Comments may be filed electronically by accessing ECFS at <http://apps.fcc.gov/ecfs/>.
- **Paper Filers:** Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.
 - Filings can be sent by commercial overnight courier or by first-class or overnight U.S. Postal Service mail.²⁵ All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
 - Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701. U.S. Postal Service first-class, Express, and Priority mail must be addressed to 45 L Street, NE, Washington, DC 20554.

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.

In addition, e-mail one copy of each pleading to each of the following:

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

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

²⁴ See *Executive Branch Review Process Order*, 35 FCC Rcd at 10941, para. 36 n.99; see also *id.* at 10939, para 30 n.81.

²⁵ Effective March 19, 2020, and until further notice, the Commission no longer accepts any hand or messenger delivered filings. This is a temporary measure taken to help protect the health and safety of individuals, and to mitigate the transmission of COVID-19. See *FCC Announces Closure of FCC Headquarters Open Window and Change in Hand-Delivery Policy*, Public Notice, 35 FCC Rcd 2788 (OS 2020).

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 applications 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.²⁶ 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 Gregory Kwan, Competition Policy Division, Wireline Competition Bureau, at (202) 418-1191.

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²⁶ See 47 CFR § 1.45(c).