



PUBLIC NOTICE

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DOMESTIC SECTION 214 APPLICATION GRANTED FOR THE ACQUISITION OF CERTAIN ASSETS OF ECHO WIRELESS BROADBAND, INC. BY RESOUND NETWORKS, LLC

WC Docket No. 21-277

By this Public Notice, the Wireline Competition Bureau grants an application, pursuant to section 214 of the Communications Act of 1934, as amended (the Act), and sections 63.03-04 of the Commission's rules,¹ filed for the transfer of Echo Wireless Broadband, Inc.'s (Echo) domestic section 214 authorization to Resound Networks, LLC (Resound) (collectively, Applicants).²

On July 14, 2021, the Bureau released a Public Notice seeking comment on the Application.³ The Bureau did not receive comments or petitions in opposition to the Application.

Applicants and Description of Transaction

Echo, a Texas corporation, is an eligible telecommunications carrier (ETC) in certain areas in Texas and New Mexico.⁴ Echo is authorized to receive \$3,933,712.70 of Connect America Fund (CAF) Phase II Auction support (CAF Phase II auction support) over 10 years to serve 1,093 qualifying locations in 439 census blocks in Texas, and \$1,542,197.80 of CAF Phase II auction support over 10 years to serve 624 qualifying locations in 200 census blocks in New Mexico (collectively, Assigned Blocks).⁵

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

² See Application of Echo Wireless Broadband, Inc. and Resound Networks, LLC for Consent to Assignment of Domestic Section 214 Authorization, WC Docket No. 21-277 (filed June 28, 2021) (Application). Applicants filed supplements to their domestic section 214 application on July 2, 2021, November 17, 2021, July 19, 2022, and March 29, 2023. Letter from Stephen E. Coran, Counsel to Resound, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 21-277 (filed July 2, 2021) (July 2 Supplement); Letter from Stephen E. Coran, Counsel to Resound, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 21-277 (filed Nov. 17, 2021) (Nov. 17 Supplement); Letter from Stephen E. Coran, Counsel to Resound, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 21-277 (filed July 19, 2022) (July 19 Supplement); Letter from Stephen E. Coran, Counsel to Resound, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 21-277 (filed Mar. 29, 2023) (Mar. 29 Supplement). Any action on the domestic section 214 application is without prejudice to Commission action on other related, pending applications.

³ See *Domestic Section 214 Application Filed for the Transfer of Certain Authorizations of Echo Wireless Broadband, Inc. to Resound Networks, LLC*, WC Docket No. 21-277, Public Notice, 36 FCC Rcd 10924 (WCB 2021).

⁴ Application at 5.

Subsequent to its authorization and pending authorization of this transfer, Echo “decided to exit the broadband business and will not deploy CAF-supported service in the subject census blocks upon transfer of the CAF obligations to Resound.”⁶

Resound, a Texas limited liability corporation, provides voice services and broadband services to more than 10,000 customers in Texas, New Mexico, and Oklahoma.⁷ Resound is authorized to receive Rural Digital Opportunity Fund (RDOF) support in seven states (Texas, New Mexico, Arizona, Arkansas, Colorado, Kansas, and Oklahoma).⁸ Resound has been designated as an ETC for all areas where it has been authorized to receive RDOF support in each of the seven states.⁹ In addition, the Texas Public Utility Commission and the New Mexico Public Regulation Commission have each separately and conditionally designated Resound as an ETC in the relevant Assigned Blocks in their respective states and conditionally granted Echo relinquishment of its ETC designation for those same blocks.¹⁰ The following U.S. entity and U.S. citizens own 10% or more of Resound: Curtis Resound Group (16.49%); Quentin C. Giles (10.84%), and Bryan E. Waldrip (46.11%).¹¹

Pursuant to the terms of the proposed transaction, Applicants request Commission approval to transfer certain assets, including Echo’s CAF Phase II auction support obligations to serve eligible areas in Texas and New Mexico, to Resound.¹² Applicants state that, pursuant to two Interim Services Agreements, “Resound has assumed management of Echo’s CAF obligation in exchange for a monthly management fee and is undertaking construction and related activities to accelerate the deployment of voice and broadband services to unserved locations within Echo’s CAF-supported areas.”¹³

⁵ Application at 3; *see also Connect America Fund Phase II Auction Support Authorized for 1,031 Winning Bids*, AU Docket No. 17-182, WC Docket No. 10-90, Public Notice, 34 FCC Rcd 8009, 8046, Attach. A (Authorized Long-Form Applicants and Winning Bids) (WCB 2019) (*CAF Phase II Authorization Public Notice*).

⁶ Application at 7.

⁷ *Id.* at 3.

⁸ *Id.* at 4; *see Rural Digital Opportunity Fund Support Authorized for 1,764 Winning Bids; Etheric Communications LLC’s Petition for Waiver of the June 7, 2021 Eligible Telecommunications Carrier Documentation Deadline denied*, AU Docket No. 20-34, WC Docket Nos. 19-126, 10-90, Public Notice (WCB rel. Jan. 13, 2023).

⁹ Application at 4; 47 CFR § 54.804(b)(5) (requiring RDOF support applicants to submit proof of ETC designation). Resound participates in the Affordable Connectivity Program and plans to expand that program to the Echo CAF areas. March 19 Supplement at 1.

¹⁰ *See* July 19 Supplement at 3-12 (Application of Echo Wireless Broadband, Inc. to Relinquish its ETC Designation and Application of Resound Networks, LLC for ETC Designation for the Service Area Previously Designated for Echo Wireless Broadband, Inc., Docket No. 52147, Order (Tex. Pub. Util. Comm’n, Jan. 14, 2022)); *see id.* at 13-22 (Joint Petition of Echo Wireless Broadband Inc. and Resound Networks, LLC for Echo Wireless to Relinquish its ETC Designation and to Transfer its FCC CAF Phase II Census Blocks to Resound Networks, LLC, Case No. 22-00045-UT, Order adopting Certification of Stipulation (New Mex. Pub. Reg. Comm’n, July 13, 2022)).

¹¹ Application at 12-13; July 2 Supplement at 2. Applicants state that Resound is not affiliated with any other telecommunications provider. July 2 Supplement at 2.

¹² Application at 6, 9. *See Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90, Order, 36 FCC Rcd 9384, 9393-94, para. 30 (WCB 2021) (“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.”). Applicants state that Resound has already acquired Echo’s non-CAF assets. Application at 4-5.

¹³ Application at 5, Nov. 17 Supplement.

Applicants assert that a grant of the Application would serve the public interest, convenience, and necessity.¹⁴

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.¹⁵ We then employ a balancing test weighing any potential public interest harms of the proposed transaction against any potential public interest benefits.¹⁶ The Applicants bear the burden of proving, by a preponderance of the evidence, that the proposed transaction, on balance, serves the public interest.¹⁷

We find that there are no potential public interest harms identified in the record. First, the proposed transaction will not result in a reduction of competition. Applicants state that the transaction does not involve the transfer of traditional wireline voice facilities or wireline voice customers,¹⁸ and thus there will be no physical overlap or reduction in service providers in any markets as a result of the transaction.¹⁹ Further, because “there are no customers receiving telecommunications services from Echo [and] no rates, charges or conditions of service are impacted by the transaction,”²⁰ we expect no potential harm to existing customers to result from the transaction.

Second, Resound commits to meeting all public interest and performance obligations associated with the receipt of the transferred CAF Phase II auction funding, and the record indicates that Resound has the technical, financial, and managerial expertise to do so.²¹ In this regard, Resound attests that it will

¹⁴ Application at 7.

¹⁵ 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 8, para. 21 (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*, ITC-214-20110901-00289, 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*)).

¹⁶ See *Verizon-TracFone Order* at 8, 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 citations omitted).

¹⁷ See *Verizon-TracFone Order* at 8, 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 citations omitted).

¹⁸ Application at 6.

¹⁹ *Id.* at 8.

²⁰ *Id.* at 6.

²¹ See March 29 Supplement at 1, Declaration of Tyson Curtis (Curtis Declaration) at paras. 1, 4. The Bureau has provided a summary of the various obligations of authorized CAF Phase II auction support recipients in prior authorization public notices. As stated in these public notices, the list is not intended to be comprehensive and all authorized parties are responsible for conducting the due diligence required to comply with universal service fund

“comply with all Connect America Fund obligations [originally assumed by Echo] after consummation of the proposed transaction,”²² and acknowledges that, upon its authorization to receive the CAF Phase II Auction support, originally authorized to receive, it will “become responsible for meeting all CAF and ETC associated requirements, and will become subject to consequences for failing to meet these requirements, including withholding, default, and potentially, forfeiture actions.”²³ Applicants maintain that “Resound has both the necessary industry experience and requisite financial means to take on the responsibility of deploying CAF-supported voice and broadband service in [the Assigned Blocks]” and that Resound will “not incur any additional debt as a result of this transfer.”²⁴ In addition, applicants have confirmed that “no fundamental changes are planned” from Echo’s deployment plans as approved at the time of its authorization to receive CAF Phase II auction support.²⁵ Overall, we conclude that the record in this proceeding does not support a finding of a public interest harm.

We next consider whether the proposed transaction is likely to generate verifiable, transaction-specific public interest benefits.²⁶ Applicants must provide evidence of a claimed benefit to allow the Commission to verify its likelihood and magnitude.²⁷ 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

Applicants assert that the infusion of capital and human resources resulting from the proposed transaction will enable consumers to receive CAF-supported services more quickly.²⁹ Further, Applicants assert that because “Echo’s operations and the CAF-supported areas are adjacent or nearby Resound’s existing operations and its RDOF areas,” Resound can “achieve economies of scale and leverage its labor force, infrastructure and operational capabilities to rapidly and cost-effectively build out the Echo CAF areas as it expands its broadband operations.”³⁰ Applicants contend that Resound has the “scale and financial wherewithal to maintain and expand Echo’s existing operations and to meet Echo’s buildout and performance obligations.”³¹

The Commission has specified that ensuring consumers receive new or additional services is an important public interest factor,³² and accelerating private sector deployment of advanced services is one

requirements and the Commission’s rules. *See, e.g., CAF Phase II Authorization Public Notice*, 34 FCC Rcd at 8009-8012.

²² *See* March 29 Supplement, Curtis Declaration at paras. 1, 4.

²³ *Id.*

²⁴ Application at 7, March 29 Supplement at 5. We find relevant Resound’s successful completion of the RDOF application process, which required the Bureau to assess the applicant’s audited financial statements, managerial experience, and technical capabilities and plans necessary to demonstrate that it could meet RDOF obligations. 47 CFR § 54.804; *see generally Rural Digital Opportunity Fund Phase I Auction Scheduled for October 29, 2020; Notice and Filing Requirements and Other Procedures for Auction 904*, AU Docket No. 20-34 et al., Public Notice, 35 FCC Rcd 6077 (2020).

²⁵ *See* March 29 Supplement at 4; July 2 Supplement at 1.

²⁶ *See AT&T/DIRECTV Order*, 30 FCC Rcd at 9237, paras. 273-74.

²⁷ *See id.* at 9237-38, paras. 275-76.

²⁸ *See id.*

²⁹ Application at 8.

³⁰ *Id.* at 8.

³¹ Application at 15.

³² *See, e.g., AT&T-DIRECTV Order*, 30 FCC Rcd at 9140, para. 19.

of the aims of the Act.³³ In light of Applicants' respective commitments to meet all of Licensees' federal high-cost funding obligations³⁴ and the fact that Applicants are prepared to devote additional capital to accelerate facilities-based service offerings,³⁵ we find it likely that the proposed transaction would result in some public interest benefits. 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 CFR §§ 0.91, 0.291, 63.03, and 63.04, the Bureau hereby grants the Application discussed in this Public Notice, subject to Applicants' compliance with all applicable obligations.³⁶

Pursuant to section 1.103 of the Commission's rules, 47 CFR § 1.103, the grant is effective upon release of this Public Notice.³⁷ Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 CFR §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

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

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³³ See *Verizon-TracFone Order* at 9, para. 22 (citing 47 U.S.C. §§ 254, 332(c)(7), 1302; Telecommunications Act of 1996, Pub. L. No. 104-104, Preamble, 110 Stat. 56 (1996) (one purpose of the Act is to "accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services")).

³⁴ Application at 2, 11-12.

³⁵ *Id.* at 7.

³⁶ See, e.g., *Echo CAF Phase II Authorization Public Notice*, 34 FCC Rcd at 8009-8012 (providing non-exhaustive list of CAF Phase II Auction support recipient's public interest and performance obligations).

³⁷ We direct Applicants to submit, within 30 days of closing the proposed transaction, a notice in WC Docket No. 21-277 that the proposed transaction has closed, with the consummation date, and also provide a courtesy copy of the notice to hcinfo@usac.org.