



PUBLIC NOTICE

Federal Communications Commission
45 L St., N.E.
Washington, D.C. 20554

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DOMESTIC 214 APPLICATION GRANTED FOR THE TRANSFER OF CONTROL OF THE MANTI TELEPHONE COMPANY TO LYNCH TELEPHONE CORPORATION X

WC Docket No. 24-93

By this Public Notice, the Wireline Competition Bureau (Bureau) grants, as conditioned, the application filed by The Manti Telephone Company (Manti) and Lynch Telephone Corporation X (Lynch X) (together, Applicants), pursuant to section 214(a) of the Communications Act of 1934, as amended, and sections 63.03-04 of the Commission's rules,¹ requesting consent for the transfer of control of Manti to Lynch X.²

On October 22, 2024, the Bureau released a public notice seeking comment on the Application.³ We did not receive comments or petitions in opposition to the Application.

Manti, a Utah corporation, provides service as a rural incumbent local exchange carrier (LEC) to approximately 2,600 access lines in the communities of Manti, Sterling, and Ephraim, Utah.⁴

Lynch X, a Delaware corporation and holding company, is a wholly-owned subsidiary of Brighton Communications Corporation, also a Delaware corporation and holding company, which, in turn, is a wholly-owned subsidiary of LICT Corporation (LICT), a Delaware corporation.⁵ LICT

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

² Amended and Restated Domestic Section 214 Application for the Transfer of Control of The Manti Telephone Company to Lynch Telephone Corporation X, WC Docket No. 24-93 (filed Aug. 28, 2024) (Application). The Application replaces a domestic section 214 application previously filed on March 25, 2024 in the same docket. On October 10, 2024 and October 21, 2024, Lynch X filed supplements to the Application. Letter from Stephen J. Moore, President, Lynch Telephone Corporation X, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 24-93 (filed Oct. 10, 2024) (First Supplement); Letter from Stephen J. Moore, President, Lynch Telephone Corporation X, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 24-93 (filed Oct. 21, 2024) (Second Supplement). The Applicants also filed an application for the transfer of control of an international section 214 authorization. Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications.

³ *Domestic Section 214 Application Filed for the Transfer of Control of The Manti Telephone Company to Lynch Telephone Corporation*, WC Docket No. 24-93, Public Notice, DA 24-1092 (WCB 2024).

⁴ Application at 3. Manti is currently owned by Dallas Cox, Gavin Cox, and Natalie Adamson, each US citizens. *Id.* at 3, 9. Manti has been designated as an eligible telecommunications carrier in Utah. *Id.* at 17. Manti participates in the Commission's Lifeline Program and the Applicants state that Manti will continue participating in the program post-consummation. *Id.* at 18.

⁵ *Id.* at 2; see also First Supplement at 1-2. LICT owns directly or through its wholly-owned subsidiaries 16 rural incumbent LECs which range in size from approximately 800 to over 7,000 access lines with locations in California, Iowa, Kansas, Michigan, New Mexico, Utah, and Wisconsin. *Id.* at 2 and 17-18; see also Second Supplement at 1.

(continued....)

indirectly owns Central Utah Telephone, Inc. d/b/a Centracom Interactive (Centracom), Bear Lake Communications, Inc. (Bear Lake), and Skyline Telecom (Skyline), each rural incumbent LECs serving portions of Utah.⁶ LICT also indirectly owns other rural incumbent and competitive LECs providing service outside of Utah.⁷ Mario J. Gabelli, a U.S. citizen, holds a 37.6% interest in LICT.⁸

Pursuant to the terms of the proposed transaction, Lynch X will acquire all of stock of Manti.⁹ As a result, Manti will become a direct, wholly owned subsidiary of Lynch X.¹⁰

Applicants request approval to consummate a transaction involving companies that receive high-cost universal service support under the different support mechanisms of fixed model-based support and cost-based support (a mixed support transaction). Specifically, because subsidiaries and affiliates of Lynch X receive fixed model-based support, the potential for a transaction-specific harm exists if Manti converts from an average schedule company to a cost company, thereby triggering an incentive to shift costs from Lynch X's model based support affiliates to Manti.¹¹ The Commission has directed the Bureau to apply the *Hargray/ComSouth* condition where necessary to remedy a potential public interest harm caused by a mixed support transaction, including for mergers between an average schedule company and a model-based support company where the average schedule company converts to a cost company.¹² Accordingly, to mitigate the potential for cost shifting, we grant the Application subject to the following condition: if Manti converts to a non-average schedule cost company, that conversion will trigger application of the condition established in the *Hargray/ComSouth Order* and discussed in the *Average*

According to the Applicants, as of December 31, 2022, LICT's rural incumbent LECs have deployed 6,703 miles of fiber optic cable, 11,258 miles of copper cable, and 831 miles of coaxial cable. Application at 2. In addition, LICT operates 85 towers to serve fixed wireless broadband customers and leases space to other wholesale carriers. *Id.*

⁶ *Id.*; see also Second Supplement at 1. Bear Lake currently serves the Garden City and Laketown communities; Centracom currently serves the Spanish Fork Canyon, Covered Bridge, Scofield, Fairview, Mount Pleasant, and Spring City communities; and Skyline currently serves the Moroni, Chester, Wales, Goshen, Eureka, Dugway, and Wendover communities. Application at 2. The Applicants affirm that there is no overlap between the service area of Manti and the service areas of Centracom, and its rural incumbent LEC subsidiaries, Bear Lakes and Skyline. First Supplement at 4; see also *id.* at 5 (URTA Map). Central Telecom Services, LLC (CTS), a subsidiary of Lynch X, provides competitive LEC and long distance services in Utah and Nevada. *Id.* at 4. The Applicants also affirm that there is no overlap of the service areas of Manti and CTS. *Id.*

⁷ The Applicants provide further information on the each of LICTs rural incumbent and competitive LECs providing service outside of Utah. *Id.* at 12-13; First Supplement at 4.

⁸ Application at 9; see also First Supplement at 2. The Applicants state that other than what has been disclosed, neither Mr. Gabelli, nor LICT or any of its subsidiaries or affiliates, hold a 10% or greater interest in any other provider of domestic telecommunications services. First Supplement at 4.

⁹ Application at 3.

¹⁰ *Id.* Following the consummation of the proposed transaction, the following US citizens will serve as Officers of Manti: Eddie L. Cox as President, I. Branch Cox as Chief Executive Officer, and Brad Welch as Chief Operating Officer. *Id.* The Applicants state that Dallas Cox and Gavin Cox, who currently have ownership interests in Manti, will be employed by Centracom post-transaction, with their time and expenses being allocated to various companies including Manti. *Id.*

¹¹ See *Hargray/ComSouth Order*, 33 FCC Rcd at 4785-86, para. 20; see also Application at 16.

¹² *Hargray/ComSouth Order*, 33 FCC Rcd 4789, n.72 (“We direct the Bureau to apply the condition where necessary to remedy a potential public interest harm caused by a mixed support transaction. We also direct the Bureau to apply the same condition to a merger between an average schedule company and a model-based support company, and in such cases the condition would be triggered if the average schedule company converts to a cost company. Under the condition, we permit “average schedule companies” to estimate universal service support pursuant to a formula developed by the National Exchange Carrier Association (NECA). See, e.g., *National Exchange Carrier Association, Inc. 2018 Modification of Average Schedule Universal Service Support Formula, High-Cost Universal Service Support*, WC Docket No. 05-337, Order, 32 FCC Rcd 7654 (WCB 2017)”).

Schedule Grant Public Notice.¹³ If Manti 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.¹⁴

We find, upon consideration of the record, that grant of the Application, subject to compliance with the condition, will serve the public interest, convenience, and necessity.¹⁵ 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 compliance with the condition described above.¹⁶

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

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¹³ *Hargray/ComSouth Order*, 33 FCC Rcd 4789, n.72; *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).

¹⁴ If it has not previously done so, Manti, if it becomes a newly converted cost company, must submit its prior three years of operating expense data to the National Exchange Carrier Association (NECA). NECA will then (1) validate and calculate that company's average operating expense for those three years and (2) combine this three-year averaged capped operating expense with the current year's inflation-adjusted operating expense data of any other affiliated cost companies to calculate the new total combined operating expense at which the newly converted and other cost-company affiliates will be capped. The new combined, capped operating expense will then be applied to determine High-Cost Loop Support (HCLS) and CAF-Broadband Loop Support (CAF-BLS). If the actual three-year operating expense average cannot be calculated for the newly converted cost company, NECA, in consultation with the Bureau, will use estimates based on NECA's average schedule support formula. 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). The cap will not apply if the parties do not consummate the proposed transaction or if Manti does not convert to a cost company. See *Hospers Grant PN*, 33 FCC Rcd at 8090, n.20.

¹⁵ See 47 U.S.C. § 214(a); 47 CFR § 63.03.

¹⁶ The Applicants provide incumbent LEC services in their respective study areas. Within 30 days of closing the proposed transactions, they must notify USAC so that it can make any appropriate changes to the High Cost Universal Broadband (HUBB) on-line location reporting portal for universal service recipients.