



PUBLIC NOTICE

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DOMESTIC SECTION 214 APPLICATION GRANTED FOR THE TRANSFER CONTROL OF COMMUNICATIONS 1 NETWORK, INC. TO WEBSTER-CALHOUN COOPERATIVE TELEPHONE ASSOCIATION AND WINNEBAGO COOPERATIVE TELECOM ASSOCIATION

WC Docket No. 24-48

By this Public Notice, the Wireline Competition Bureau grants an application filed by Communications 1 Network, Inc. (Comm 1 or Transferor), Webster-Calhoun Cooperative Telephone Association (WebCal), and Winnebago Cooperative Telecom Association (WCTA) (WebCal, together with WCTA, Transferees) (Transferor and Transferees collectively, 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 Comm 1 to Transferees.²

On April 26, 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.

Comm 1, an Iowa corporation and rural incumbent local exchange carrier (LEC), provides fiber Internet, phone, and digital cable TV services as well as streaming support to the Iowa communities of Belmond, Britt, Clarion, Corwith, Dakota City, Eagle Grove, Garner, Goldfield, Humboldt, Kanawha, Klemme, and Renwick.⁴ Comm 1 wholly owns Comm 1 Connects, Inc., a competitive LEC and provider of broadband, video, and voice services.⁵ Comm 1 also wholly owns Goldfield Holdings,

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

² Application for the Transfer of Control of Communications 1 Network, Inc. to Webster-Calhoun Cooperative Telephone Association and Winnebago Cooperative Telecom Association, Pursuant to Section 214 of the Communications Act of 1934, as Amended, WC Docket No. 24-48 (filed Mar. 8, 2024) (Application). Applicants filed supplements to the Application on April 2, 2024 and April 17, 2024. Supplement to Application for the Transfer of Control of Communications 1 Network, Inc. to Webster-Calhoun Cooperative Telephone Association and Winnebago Cooperative Telecom Association, Pursuant to Section 214 of the Communications Act of 1934, as Amended, WC Docket No. 24-48 (filed Apr. 2, 2024) (Apr. 2 Supplement); Supplement to Application for the Transfer of Control of Communications 1 Network, Inc. to Webster-Calhoun Cooperative Telephone Association and Winnebago Cooperative Telecom Association, Pursuant to Section 214 of the Communications Act of 1934, as Amended, WC Docket No. 24-48 (filed Apr. 17, 2024) (Apr. 17 Supplement). Applicants also filed an application 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.

³ *Domestic Section 214 Application Filed for the Transfer of Control of Communications 1 Network, Inc. to Webster-Calhoun Cooperative Telephone Association and Winnebago Cooperative Telecom Association*, WC Docket No. 24-48, Public Notice, DA 24-401 (WCB 2024) (*Public Notice*).

⁴ Application at 3, 11.

⁵ *Id.* at 7.

LLC (Goldfield Holdings), a holding company that wholly owns, and in turn, that Comm 1 indirectly wholly owns: Goldfield Telephone Co Inc. (Goldfield Telco), an incumbent LEC providing broadband, video, and voice services in Iowa; Goldfield Access Network, L.C., a competitive LEC associated with Goldfield Telco providing broadband, video, and voice services; and Goldfield Communications Services, LLC, a seller and installer of PBX phone systems.⁶ Comm 1 and Goldfield Telco are Eligible Telecommunications Carriers (ETCs) and receive model-based high-cost universal service support from the Enhanced Alternative Connect America Cost Model (A-CAM) support mechanism.⁷ The 10% or greater owners of Comm 1 are three investment trusts whose beneficiaries are U.S. citizens: the William R. Johnson 2012 Exempt Trust (34.34%); the Mary L. Johnson 2009 Marital Trust (26.10%); and the Mary L. Johnson 2013 Exempt Trust (13.32%).⁸

WebCal is an incumbent LEC member-supported telephone cooperative in north central Iowa.⁹ WebCal services twenty communities with a fiber-driven network just outside the Fort Dodge, Iowa area.¹⁰ WebCal wholly owns Webster-Calhoun Communications L.C. (WebCal Comm), a holding company for WebCal's investments, and Webster-Calhoun Long Distance, both of which currently have no operations and offer no services.¹¹ WebCal also has a 12.33% ownership interest in Alpine Communications, L.C. (Alpine) and its subsidiaries.¹² Alpine, an incumbent LEC providing local exchange service and exchange access service, wireless telecommunications, Internet access, video, and monitored security services in the Clayton and Fayette counties in Iowa.¹³ Alpine's wholly-owned subsidiary, Alpine Acquisition Group (AAG), is an Iowa limited liability company that does not offer domestic telecommunications services.¹⁴ AAG is a holding company for and owns all outstanding shares of stock in La Porte City Telephone Company (LPC Telco) and its subsidiaries.¹⁵ LPC Telco is an incumbent LEC that provides local exchange service and exchange access service, as well as Internet access and digital TV services in the Benton, Black Hawk, Buchanan, and Tama counties of Iowa.¹⁶ LPC Telco has two subsidiaries, LPC Long Distance, Inc., which holds an international section 214 authorization and operates CATV/multichannel video systems, and LPC Communications, Inc.,

⁶ *Id.*; Apr. 2 Supplement at 5; Apr. 17 Supplement at 7.

⁷ Application at 13; Apr. 2 Supplement at 5-7; *see also Wireline Competition Bureau Authorizes 368 Companies in 44 States to Receive Enhanced Alternative Connect America Cost Model Support to Expand Rural Broadband*, WC Docket No. 10-90, Public Notice, DA 23-1025 (WCB rel. Oct. 30, 2023). Comm 1, Goldfield Telco, and Goldfield Access Network, L.C. also participate in the Lifeline program. Application at 15; Apr. 17 Supplement at 7-8.

⁸ Application at 6. The beneficiaries of these trusts are William R. Johnson and Mary L. Johnson's three children: Susan Weigenant; Melanie Steinkamp; and Sally Manzano. *Id.*

⁹ *Id.* at 10. The cooperative has approximately 3,300 members from sixteen communities in rural north-central Iowa. *Id.*

¹⁰ *Id.*

¹¹ *Id.* at 4; Apr. 17 Supplement at 1-2.

¹² Application at 5; Apr. 17 Supplement at 2-3 (noting WebCal's interest in Alpine will shift to 12.72% upon the closing of a transaction between Alpine and La Porte City Telephone Company on April 20, 2024).

¹³ Application at 5; Apr. 17 Supplement at 2-3.

¹⁴ Apr. 17 Supplement at 4.

¹⁵ *Id.*

¹⁶ *Id.*

which offers no services.¹⁷ Alpine's other wholly-owned subsidiary, Alpine Long Distance, LC, provides long distance and broadband services.¹⁸

WebCal also has a 10% or greater direct or indirect ownership interest in the following companies: Platinum Connect L.L.C., a competitive LEC that provides voice, Internet, and television services in Hamilton County, Iowa (50%);¹⁹ and Iowa RSA 9 Limited Partnership, an Iowa limited partnership that provides mobile wireless voice and data services in portions of Calhoun, Carroll, Greene, Ida, and Sac counties in west-central Iowa (24.99%).²⁰ WebCal, an ETC, receives model-based high-cost universal service support from the A-CAM II support mechanism.²¹ Alpine and LPC Telco, both ETCs, receive cost-based high-cost universal service support through the Connect America Fund (CAF) Broadband Loop Support and High-Cost Loop Support mechanisms.²² There are no individuals or entities that have a 10% or greater interest in WebCal,²³ and all of WebCal's affiliates are owned by U.S. citizens.²⁴

WCTA is an incumbent LEC and competitive LEC, depending on the study area code (SAC),²⁵ member-supported telephone cooperative in north central Iowa and southern Minnesota.²⁶ WCTA is a broadband Internet and communications provider with buried fiber optic service lines to 100% of its subscribers.²⁷ WCTA's wholly-owned subsidiary, WCTA Wireless, Inc. (WCTA Wireless), is a holding company for WCTA's investments.²⁸ WCTA also has a 33% ownership interest in Tri-Central Transport, LLC, a small fiber transport company in north-central Iowa and south-central Minnesota.²⁹ WCTA, an ETC, receives model-based high-cost universal service support from the A-CAM II, the Rural Digital Opportunity Fund, and the CAF Phase II Auction support mechanisms.³⁰ There are no individuals or entities that have a 10% or greater interest in WCTA.³¹ Neither Transferees nor any of

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ Application at 5; Apr. 17 Supplement at 5.

²⁰ Application at 5; Apr. 17 Supplement at 5.

²¹ Application at 13; Apr. 17 Supplement at 8. WebCal also participates in the Lifeline program. Application at 15; Apr. 17 Supplement at 8.

²² Apr. 17 Supplement at 8.

²³ Application at 5.

²⁴ Apr. 17 Supplement at 3-5.

²⁵ Applicants detail the SACs in which WCTA is an incumbent LEC or competitive LEC. *Id.* at 6.

²⁶ Application at 10; Apr. 17 Supplement at 6. WCTA services the following exchanges: Albert, Lea, Alden, Bancroft, Britt, Buffalo Center 561, Buffalo Center 562, Conger, Crystal Lake, Emmons (IA), Emmons (MN), Fertile, Forest City, Garner, Glenville, Grafton, Hanlontown, Joice, Kensett, Kiester, Lake Mills, Lakota, Ledyard, Lyle, Manly, Mason City, Miller, Mona, Northwood, Rake (IA), Rake (MN), Scarville, Thompson, Twin Lakes, and Woden. Application at 10.

²⁷ *Id.* The cooperative provides fiber Internet connection to an estimated 13,066 homes. *Id.*

²⁸ *Id.* at 5; Apr. 17 Supplement at 6-7.

²⁹ Application at 5.

³⁰ April. 17 Supplement at 6, 8 (identifying the SACs and divisions of the company that receive each type of high-cost universal service support). WCTA also participates in the Lifeline program. *Id.*

³¹ Application at 5.

their affiliates or subsidiaries own or control a 10% or greater direct or indirect interest in any other domestic telecommunications provider.³²

Pursuant to the terms of the purchase agreement, Transferees will acquire control of Comm 1 through a stock transaction.³³ Applicants state that following the proposed transaction, WebCal Comm and WCTA Wireless will each have a 50% ownership interest in Comm 1.³⁴ Applicants also state that through this proposed transaction, Transferees will acquire fiber-based broadband and telecommunications retail assets, property, rights, and interest (including all customer contracts and customer relationships) used to provide Internet, telephone, video, and other communications services in north-central Iowa.³⁵ Applicants assert that the ultimate result of the proposed transaction will be that Transferees will broaden their customer base so that they may provide Comm 1 subscribers with innovative telecommunications services and high-speed Internet access similarly offered to Transferees' members.³⁶ Moreover, Applicants assert that Transferees and Comm 1 will continue to hold domestic section 214 authority in their respective service areas.³⁷ Applicants also state there is no overlap in the service or fiber territories of any of the Applicants.³⁸ Applicants explain that Transferees will continue to exist and operate under their existing corporate structures and continue to provide services to their members without interruption or change to any existing services.³⁹ Finally, Applicants assert that there is no potential public interest harm related to WebCal's minority ownership in Alpine.⁴⁰

³² *Id.* at 5-6.

³³ *Id.* at 9.

³⁴ *Id.* at 2, 9.

³⁵ *Id.*

³⁶ *Id.* at 10.

³⁷ *Id.*

³⁸ *Id.* at 2, 12, 16; Apr. 2 Supplement at 4 (explaining that “WebCal, its affiliates, and other [p]arties to this transaction and their affiliates all have their separate service areas that are geographically separated by a significant distance”).

³⁹ *Id.*

⁴⁰ Apr. 2 Supplement at 2. In the *Hargray/ComSouth Order*, the Commission found that “the combination of two companies that receive high-cost universal service support under different mechanisms, one fixed and one cost-based, could result in potential harm to the Commission’s goal of ensuring that limited universal service resources are distributed efficiently and effectively” as a result of the companies having an incentive to shift costs from the model-based support company to the cost-based support company. *Joint Application of W. Mansfield Jennings Limited Partnership and Hargray Communications Group, Inc. for Consent to the Transfer of Control of ComSouth Corporation Pursuant to Section 214 of the Communications Act of 1934*, WC Docket No. 18-52, Memorandum Opinion and Order, 33 FCC Rcd 4780, 4784, para. 19 (2018) (*Hargray/ComSouth Order*). Although the section 214 authorization holder, Comm 1 (model-based high-cost universal service support), will ultimately be owned and controlled by WebCal and WCTA (model-based high-cost universal service support), WebCal’s affiliates (cost-based high-cost universal service support) will not have the ability to engage in improper cost shifting as a result of its affiliates receiving universal service support under different mechanisms. Apr. 2 Supplement at 2-4. Applicants affirm that post-transaction, Comm1 and WebCal’s affiliates will not have common control, shared or common costs, or the ability to consolidate corporate books. *Id.* at 3-4; *see also Domestic Section 214 Application for the Transfer of Control of Lavaca Telephone Company, Inc. to Dobson Technologies Inc.*, WC Docket No. 20-389, Order on Reconsideration, 36 FCC Rcd 8859, 8864, para. 14 (2021) (*Dobson Order on Reconsideration*) (stating that the Wireline Competition Bureau should continue to apply the *Hargray/ComSouth* condition to remedy a potential public interest harm caused by a mixed support transaction,

We find that grant of the Application will serve the public interest, convenience, and necessity. Pursuant to section 1.103 of the Commission's rules, 47 CFR § 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 CFR §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

For further information, please contact Megan Danner, Wireline Competition Bureau, Competition Policy Division, at (202) 418-1151.

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including in transactions in which post-merger affiliates have common control, common costs, cost sharing, or consolidation of corporate books). Specifically, Comm 1 is removed from the control of the cost-based support entities because it will be owned by WebCal, not WebCal's affiliates—the affiliates and WebCal have separate and distinct structures of ownership and control. Apr. 2 Supplement at 3 (noting “WebCal and/or its affiliates have no common ownership with Alpine and/or any of its affiliates, nor does WebCal and/or its affiliates exercise management in conjunction with Alpine and/or any of its affiliates”) Additionally, post-transaction, Comm 1 and WebCal's affiliates will continue to operate independently, i.e., “[n]o common costs and no cost sharing takes place or could potentially take place between WebCal and Alpine or between the affiliates of WebCal and Alpine and/or Alpine's affiliates,” “WebCal, along with WebCal's affiliates, and Alpine, along with Alpine's affiliates, each have their own corporate entities, employees, pricing, and product and service offerings,” and “no consolidated financial accounts exist or will exist between Alpine and/or its affiliates and WebCal and/or its affiliates.” *Id.* at 3. In addition, as discussed above, there is no overlap between the service territories of Comm 1 and WebCal's affiliates. Application at 2, 12, 16; Apr. 2 Supplement at 4. In light of the separate operations of Comm 1 and WebCal's affiliates as demonstrated on this record, we do not find a potential public interest harm associated with a mixed support transaction that we need to address, and we therefore exercise our authority to exclude the specific affiliates here from the *Hargray/ComSouth* condition. See *Dobson Order on Reconsideration*, 36 FCC Rcd at 8886, para. 14. We therefore grant the Application without applying the mixed support condition.