



PUBLIC NOTICE

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DA 26-181

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**DOMESTIC SECTION 214 APPLICATION GRANTED FOR THE ACQUISITION OF
CERTAIN ASSETS OF MICHIGAN BELL TELEPHONE COMPANY, LLC
BY UP FIBER, INC.**

WC Docket No. 25-181

**JOINT PETITION OF
MICHIGAN BELL TELEPHONE COMPANY, LLC AND UP FIBER, INC. FOR
WAIVER OF PART 36 AND SECTION 61.41(C)(2) OF THE COMMISSION'S RULES**

WC Docket No. 25-181

CC Docket No. 96-45

By this Public Notice, the Wireline Competition Bureau (Bureau) grants an application filed by Michigan Bell Telephone Company, LLC (Michigan Bell) and UP Fiber, Inc. (UP Fiber) (together, Applicants), pursuant to section 214(a) of the Communications Act of 1934, as amended, and section 63.04 of the Commission's rules,¹ requesting Commission approval for the acquisition of certain wire centers (Wire Centers) and other related assets of Michigan Bell by UP Fiber.² The Bureau also grants the joint petition of Michigan Bell and UP Fiber (together, Petitioners) for waiver of the definition of "study area" contained in the Appendix-Glossary of part 36 of the Commission's rules and a waiver of the "all-or-nothing rule" contained in section 61.41(c)(2) of the Commission's rules.³

¹ See 47 U.S.C. § 214(a); 47 CFR § 63.04.

² Domestic Section 214 Application for the Acquisition of Certain Assets of Michigan Bell Telephone Company, LLC, by UP Fiber, Inc., WC Docket No. 25-181 (filed May 23, 2025) (Application). Applicants state that, under the proposed transaction, the wireline assets being acquired represent more than 9,000 miles of copper, 1,500 miles of business fiber, and network infrastructure across 40 wire centers that collectively provide voice and Internet service to more than 9,000 residential and business customers. Application at 2; *see also* Application, Exh. A at 1-2 (identifying the locations of the 40 Wire Centers). In connection with the proposed transaction, Applicants concurrently filed a joint petition seeking waiver of the Commission's study area boundary freeze codified in Part 36 of the Commission's Rules. *See* 47 CFR Part 36, Appendix; Joint Petition for Waiver of the Definition of "Study Area" of the Appendix-Glossary of Part 36 of the Commission Rules, CC Docket No. 96-45 (filed May 23, 2025) (Joint Petition for Waiver) (seeking waiver of the Commission's study area boundary freeze in order to transfer the exchanges being acquired in the proposed transaction); Letter from Danielle Burt and Patricia Cave, Counsel for UP Fiber, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No.25-181; CC Docket No. 96-45 (filed Jul. 14, 2025) (First Supplement) (updating UP Fiber's position on issues related to the Joint Petition for Waiver). Any action on the Application is without prejudice to Commission action on other pending applications or proceedings.

³ *See* Joint Petition for Waiver at 1; First Supplement at 2; 47 CFR § 61.41(c)(2).

Grant of 214 Application

On July 25, 2025, the Bureau released a public notice seeking comment on the Application.⁴ We did not receive comments or petitions in opposition to the Application.

Michigan Bell, a Michigan limited liability company, provides service as an incumbent local exchange carrier (LEC) in parts of Michigan.⁵ Michigan Bell's parent company, AT&T Inc., through its affiliates, provides service as an incumbent LEC in parts of 20 other states and, through its affiliates, offers wireless and enterprise services in most parts of the United States.⁶

UP Fiber, a Delaware corporation created for the purposes of the proposed transaction, is held by the following U.S. citizens: Daniel Miller (43 percent equity and voting), Warren Lichtenstein (17 percent equity and voting), and other investors that collectively hold a 40 percent equity and voting interest in UP Fiber with no individual or entity holding a 10 percent or greater ownership interest.⁷ UP Fiber is affiliated with two incumbent LECs, Michigan Central Broadband Company, LLC (MCBC) (SAC 310785) and Upper Peninsula Telephone Company (UPTC) (SAC 310732), that are rate-of-return carriers in Michigan that have elected to receive fixed support pursuant to the Enhanced Alternative Connect America Cost Model (Enhanced A-CAM) support mechanism.⁸ UP Fiber is also affiliated with a toll reseller, Alpha Enterprises Limited, Inc., operating in Michigan.⁹ None of these affiliates provide service where the Wire Centers and other related assets included in the proposed transaction are located in Michigan.¹⁰

Pursuant to the terms of the proposed transaction, UP Fiber will acquire the Wire Centers and other related assets of Michigan Bell in Michigan.¹¹ Applicants state that upon consummation of the proposed transaction, all residential and certain business customers of Michigan Bell receiving wired telecommunications services and served by the Wire Centers will be assigned to and become customers of UP Fiber.¹²

⁴ *Domestic Section 214 Application Filed for the Acquisition of Certain Assets of Michigan Bell Telephone Company, LLC by UP Fiber, Inc.*, WC Docket No. 25-181, Public Notice, DA 25-665 (WCB 2025). On Sept. 2, 2025, NTCA-The Rural Broadband Association filed comments in support of the Joint Petition for Waiver. *See* NTCA-The Rural Broadband Association Comments, WC Docket No. 25-181, CC Docket No. 96-45 (Sept. 2, 2025) (NTCA Comments).

⁵ Application at 2 and 8.

⁶ *Id.* at 8.

⁷ *See* Letter from Danielle Burt and Patricia Cave, Counsel for UP Fiber, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 25-181, CC Docket No. 96-45, Exh. C, at 1 (Feb. 11, 2026) (Fourth Supplement).

⁸ *Id.*, Exh. D, at 1.

⁹ *Id.*

¹⁰ *Id.*

¹¹ Application at 2; *see also supra* note 2. We note that in a prior 214 transaction, the Commission applied a condition to an affiliate of UP Fiber, the Manti Telephone Company, that will continue to apply following the consummation of the proposed transaction. *See Domestic 214 Application Granted for the Transfer of Control of the Manti Tel. Co. to Lynch Tel. Corp. X*, WC Docket No. 24-93, Public Notice, DA 24-1183 (WCB 2025) (to mitigate the potential for cost shifting, if Manti converts to a non-average schedule cost company 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).

¹² Application at 2. Applicants note that certain business customers located within the acquired service area may continue to receive other services from Michigan Bell and its affiliates. *Id.* at 3. Applicants state that the proposed transaction does not involve customer relationships for international telecommunications services. *Id.* Applicants further state that Michigan Bell's affiliate, AT&T Mobility, will continue to provide mobile services to the extent it does now within the service area of the Wire Centers. *Id.* at 2-3.

Applicants assert that a grant of the Application would serve the public interest, convenience, and necessity.¹³ Applicants state that UP Fiber will deploy new technologies to enhance and expand services available to customers served by the Wire Centers.¹⁴ According to the Applicants, UP Fiber's owners have substantial experience investing in communications infrastructure assets and, therefore, the affected customers will benefit from the financial and operational expertise of UP Fiber's owners.¹⁵ Applicants state that the proposed transaction will have no adverse impact on the affected customers and that they will continue to receive high quality telecommunications services.¹⁶ Finally, Applicants assert that the proposed transaction does not present any anticompetitive issues and note that neither UP Fiber, nor any of its affiliates, provide telecommunications services in the areas served by the Wire Centers.¹⁷

We find that grant of the Application will serve the public interest, convenience, and necessity.¹⁸ Therefore, pursuant to section 214 of the Act, 47 U.S.C. § 214, and sections 0.91, 0.291, and 63.04 of the Commission's rules, 47 CFR §§ 0.91, 0.291, and 63.04, the Bureau hereby grants the Application discussed in this Public Notice.

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 application 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.

Grant of Part 36 Study Area Boundary Waiver Request, as Conditioned

The Applicants seek a waiver of the Commission's study area boundary freeze¹⁹ to create a new study area comprised of 42 exchanges that UP Fiber proposes to acquire from Michigan Bell as depicted in Attachment A of the Joint Petition for Waiver.²⁰ The exchanges involved in the transaction are in a historically price cap area,²¹ and Michigan Bell has voluntarily relinquished its eligible telecommunications carrier status and does not receive any high-cost support in the subject area.²²

A study area generally corresponds to an incumbent LEC's entire service territory within a state.²³

¹³ *Id.* at 3-5.

¹⁴ *Id.* at 4.

¹⁵ *Id.*

¹⁶ *Id.* at 5.

¹⁷ *Id.*

¹⁸ See 47 U.S.C. § 214(a). The Commission has not found significant competitive harm in certain transactions involving the combination of providers where the transaction did not reduce competition and resulted in a stronger competitor. See, e.g., *Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd 9581, 9594, 9605, paras. 26 and 52 (2017) (finding no harm to competition in CenturyLink's incumbent LEC territory, nor outside of CenturyLink's incumbent LEC territory, where applicants operate as competitive LECs).

¹⁹ See 47 CFR § 36.4 Appx. ("Study area boundaries shall be frozen as they are on Nov. 15, 1984.").

²⁰ Joint Petition for Waiver at 1. The proposed transaction will also result in the modification of Michigan Bell's existing study area (SAC 315090) to remove the 42 exchanges to be acquired by UP Fiber; see also Joint Petition for Waiver, Attach A (Exchanges Boundary Map at 1 (identifying the 42 exchanges to be included in the new Up Fiber study area).

²¹ See FCC, Study Area Boundaries, <https://www.fcc.gov/reports-research/maps/study-area-boundaries/>.

²² Joint Petition for Waiver at 4.

²³ 47 U.S.C. § 214(e)(5).

The Commission froze all study area boundaries effective November 15, 1984.²⁴ The Commission took this action to prevent incumbent LECs from establishing separate study areas made up only of high-cost exchanges to maximize their receipt of high-cost universal service support.²⁵ A carrier must therefore apply to the Commission for a waiver of the study area boundary freeze to acquire some but not all of the exchanges contained in an existing study area.²⁶

Generally, the Commission's rules may be waived for good cause shown.²⁷ The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.²⁸ In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.²⁹ Waiver of the Commission's rules is therefore appropriate only if special circumstances warrant a deviation from the general rule and such deviation will serve the public interest.³⁰

In the *USF/ICC Transformation Order*, the Commission revised its approach for evaluating petitions for study area boundary waivers, concluding it would apply two criteria: first, that the state commission having regulatory authority over the transferred exchanges does not object to the transfer and, second, that the transfer is in the public interest.³¹ The Commission stated its evaluation of the public interest benefits of a proposed study area waiver will include: (1) the number of lines at issue; (2) the projected universal service fund cost per line; and (3) whether such a grant would result in a consolidation of study areas that facilitates reductions in cost by taking advantage of the economies of scale, *i.e.*, reduction in cost per line due to the increased number of lines.³²

We find the Applicants have demonstrated good cause to waive the study area boundary freeze to permit the transaction as proposed herein. First, the Applicants have demonstrated that the state commission with regulatory authority over the transferred exchanges does not object to the proposed transaction.³³ Second, we conclude that, on balance, the requested study area boundary freeze waiver, subject to the agreed-upon condition, would serve the public interest. This transaction will not adversely affect demand on the Universal Service Fund. Michigan Bell does not receive any high-cost support in the area covered by the exchanges at issue, and after the transaction, UP Fiber has agreed to not seek

²⁴ See *MTS and WATS Market Structure, Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board*, CC Docket Nos. 78-72, 80-286, Decision and Order, 50 Fed. Reg. 939 (1985) (*Part 67 Order*) (adopting Recommended Decision and Order, 49 Fed. Reg. 48325 (1984)); see also 47 CFR pt. 36 Appx.

²⁵ *Connect America Fund, et al.*, WC Docket No. 10-90, CC Docket No. 96-45, Order, 31 FCC Rcd 10683, para. 2 (WCB 2016).

²⁶ *Part 67 Order*, 50 Fed. Reg. at 939, para. 1. In 2011, the Commission adopted a streamlined process for study area waiver petitions under which the waiver is deemed granted on the 60th day after the reply comment due date unless the Bureau provides notice that the petition requires further analysis and review. *USF/ICC Transformation Order*, 26 FCC Rcd at 17763, para. 267. Because of the complex issues presented in the Study Area Waiver Petition, it was not eligible for streamlined processing.

²⁷ 47 CFR § 1.3.

²⁸ *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (*Northeast Cellular*).

²⁹ *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969); *Northeast Cellular*, 897 F.2d at 1166.

³⁰ *Northeast Cellular*, 897 F.2d at 1166.

³¹ *Connect America Fund et al.*, Report and Order and Further Notice of Proposed Rulemaking, WC Docket No. 10-90 et al., 26 FCC Rcd 17663, 17762, para. 265 (2011), *aff'd sub nom. In re FCC*, 753 F.3d 1015 (10th Cir. 2014) (*USF/ICC Transformation Order*).

³² *Id.*

³³ Joint Petition for Waiver at 3.

legacy high-cost support for the exchanges to be acquired that are in a historically price cap territory.³⁴ In addition, the Applicants state the proposed transaction will allow UP Fiber “to efficiently and effectively serve customers in these locations with advanced communications capabilities.”³⁵ For these reasons, we find, pursuant to section 1.3 of the Commission’s rules,³⁶ waiver of the study area boundaries is in the public interest, and we grant the waiver request on the condition that UP Fiber will not seek to be regulated as a rate-of-return incumbent LEC nor will it seek to receive any legacy high-cost universal service support in the future.

Grant of Waiver of Section 61.41(c)(2) of the Commission’s Rules (the “All-or-Nothing” Rule)

We also grant UP Fiber’s petition for waiver of section 61.41(c)(2) of the Commission’s rules (the “all-or-nothing” rule) to allow UP Fiber’s carrier affiliates to continue operating under rate-of-return regulation despite being affiliated with a price cap carrier.³⁷

The “all-or-nothing” rule provides that when a price cap carrier acquires or becomes affiliated with a rate-of-return carrier, the affiliates must convert to price cap regulation within one year of the transaction and file price cap tariffs.³⁸ The purpose of this rule is to limit rent-seeking opportunities for cost-shifting that take advantage of the differences in price cap and rate-of-return ratemaking methodologies.³⁹ The Commission, however, has explained it would waive this rule where the efficiencies gained from the transaction outweigh the threat of cost-shifting or gaming.⁴⁰

UP Fiber requests a waiver of the “all-or-nothing” rule to allow its affiliates to continue operating subject to rate-of-return regulation despite being affiliated with a price cap carrier post-transaction.⁴¹ UP Fiber is affiliated with two rate-of-return carriers receiving CAF ICC and Enhanced A-CAM support, and post-transaction, the reconstituted UP Fiber study area (SAC 315090) (former Michigan Bell) will be price cap regulated.⁴² Importantly, at close UP Fiber will not be affiliated with any carrier receiving legacy high-cost support and has committed to not becoming affiliated with any such carrier.⁴³

³⁴ See *id.* at 4, First Supplement at 1 (“UP Fiber confirms that it will not seek to be regulated as a rate-of-return ILEC nor will it seek to receive any legacy high-cost universal service support in the future” but reserves the right for support awarded in the future through “competitively awarded support programs that are available to all providers who are otherwise qualified to bid and receive such support.”); NTCA Comments at 3. Legacy high-cost support includes the Connect America Fund Broadband Loop Support (CAF BLS) and High-Cost Loop Support (HCLS) mechanisms. See 47 CFR Part 54, Subparts K and M.

³⁵ Joint Petition for Waiver at 4.

³⁶ 47 CFR § 1.3.

³⁷ First Supplement at 2; Letter from Danielle Burt and Patricia Cave, Counsel for UP Fiber, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 25-181 & 96-45 (filed Jan. 14, 2026) (Second Supplement).

³⁸ 47 CFR § 61.41(c)(2).

³⁹ See *Consolidated Communications of Pennsylvania Company, Inc. et al.*, WC Docket No. 19-275, Order, 37 FCC Rcd 4514, 4515, para. 3 (WCB Apr. 1, 2022) (*Consolidated Waiver Order*); *Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Second Report and Order, 5 FCC Rcd 6786, 6819-20, para. 271-81 (1990).

⁴⁰ See *Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Order on Reconsideration, 6 FCC Rcd 2637, 2706 n.207 (1991).

⁴¹ Joint Waiver Petition at 2.

⁴² *Id.* at 2; Fourth Supplement, Exh. D, at 1. While these two affiliates are technically rate-of-return carriers, they are not cost-based carriers receiving legacy support, which would raise cost-shifting concerns for purposes of the Universal Service Fund.

⁴³ Fourth Supplement, Decl. of Daniel M Miller, UP Fiber CEO, at 1 (committing “to prevent any entity or individual, including Mario Gabelli, to obtain (directly or indirectly) a 10% or greater equity or voting interest in UP

(continued....)

Based on the facts presented, we find good cause exists to grant UP Fiber waiver of the “all-or-nothing” rule pursuant to section 1.3 of the Commission’s rules.⁴⁴ We agree with UP Fiber that the public interest benefits of granting waiver of the “all-or-nothing” rule outweigh the risks of cost-shifting.⁴⁵ Absent a waiver, UP Fiber’s rate-of-return affiliates would lose CAF ICC support because price cap carriers are no longer eligible.⁴⁶ We find this outcome would harm the public interest by imposing unnecessary costs and potential disruptions of service.⁴⁷ We also find persuasive UP Fiber’s evidence that post-transaction, consumers will benefit from “additional or enhanced broadband data, voice, and video offerings compared to those currently available in the study area.”⁴⁸

Additionally, we find the risks of cost-shifting between price cap and rate-of-return study areas are low in this case. UP Fiber acknowledges the price cap study area (SAC 315090) and the two rate-of-return study areas (SAC 310785 and SAC 310732) are “contiguous or closely adjacent within Michigan.”⁴⁹ However, UP Fiber explains the two rate-of-return affiliates (MCBC and UPTC) will maintain capital investments “separately incurred, owned, and recorded by the operating entity serving each study area.”⁵⁰ UP Fiber explains that “capitalized plant costs are directly assigned to the company responsible for the applicable study area” and “[n]o shared assets will be capitalized across multiple study areas.”⁵¹ We agree this direct assignment of capital expenditure lowers the risk of cost-shifting between study areas. Additionally, UP Fiber acknowledges that maintenance and administrative expenses will be shared across its affiliates but explains its allocation factors using “cost-causation-based methodologies.”⁵² We find most compelling UP Fiber’s commitment to the Commission that it “will not engage in rent-seeking cost-shifting between the rate-of-return and price cap study areas post-Transaction.”⁵³ We remind UP Fiber that the Bureau has delegated authority to reject or suspend and investigate tariffed rates that raise lawfulness questions to ensure compliance with this Public Notice.⁵⁴

Fiber if acquisition of such interest would result in UP Fiber becoming affiliated (pursuant to 47 U.S.C. § 153(2)) with a rate-of-return incumbent [LEC] receiving legacy High Cost Universal Service Fund Support, specifically [CAF BLS] and [HCLS] under Part 54, subparts K and M, of the Commission’s rules (or successor cost-based programs, if any)” and committing to provide the Commission with an annual certification to this effect); *see also Consolidated Communications Holdings, Inc., Petition for Waiver of Section 61.41(c) of the Commission’s Rules*, WC Docket No. 15-74, Order, 30 FCC Rcd 10844, 10847, para. 9 n.33 (WCB 2015) (waiving the “all or nothing” rule when rate-of-return carrier became affiliated with a price cap carrier); *and Connect America Fund et al.*, WC Docket Nos. 10-90 et al., Order, para. 1 (WCB 2014) (stating upon three rate-of-return local exchange carriers becoming affiliated with a price cap carrier, they were subject to model-based high-cost support under Connect America Fund Phase I and Phase II).

⁴⁴ See 47 CFR § 1.3; *Northeast Cellular*, 897 F.2d at 1166; *WAIT Radio*, 418 F.2d at 1159.

⁴⁵ Second Supplement at 1.

⁴⁶ 47 CFR § 51.915(f)(5) (“Beginning July 1, 2019, a Price Cap carrier may no longer recover any amount related to revenue recovery under this paragraph from CAF ICC Support.”).

⁴⁷ See *Consolidated Waiver Order*, 37 FCC Rcd at 4521, para. 16.

⁴⁸ Second Supplement at 2.

⁴⁹ *Id.*

⁵⁰ See *id.*

⁵¹ *Id.* at 2.

⁵² *Id.*

⁵³ *Id.* at 3.

⁵⁴ See 47 U.S.C. § 204(a); 47 CFR §§ 0.91, 0.291; *see, e.g., Northern Valley Communications, LLC Tariff No. 3*, WC Docket No. 20-11, Transmittal No. 12, Order, 35 FCC Rcd 402 (WCB/PPD 2020).

We find the public interest benefits outweigh the low risk of cost-shifting and, accordingly, we find good cause exists to grant UP Fiber a waiver of section 61.41(c)(2) of the Commission's rules to allow its affiliates to continue to operate as rate-of-return carriers.⁵⁵

For More Information:

For further information regarding the 214 Application, please contact Gregory Kwan, Competition Policy Division, Wireline Competition Bureau, Gregory.Kwan@fcc.gov. For further information regarding the Joint Petition for Waiver, please contact William Layton, Telecommunications Access Policy Division, Wireline Competition Bureau, William.Layton@fcc.gov or Christopher Koves, Pricing Policy Division, Wireline Competition Bureau, Christopher.Koves@fcc.gov.

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⁵⁵ See 47 CFR § 1.3.