PUBLIC NOTICE

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DOMESTIC SECTION 214 APPLICATION GRANTED FOR THE TRANSFER OF CONTROL OF VAN BUREN TELEPHONE COMPANY, INC. TO CITIZENS MUTUAL TELEPHONE COOPERATIVE

WC Docket No. 26-108

By this Public Notice, the Wireline Competition Bureau (Bureau) grants an application filed by Van Buren Telephone Company, Inc. (VBT) and Citizens Mutual Telephone Cooperative (CM Tech) (together, Applicants), pursuant to section 214(a) of the Communications Act of 1934, as amended, and section 63.04 of the Federal Communications Commission's (Commission) rules,[1] requesting consent to transfer control of VBT to CM Tech.[2]

On June 23, 2026, the Bureau released a Public Notice seeking comment on the Application.[3] The Bureau did not receive any comments or petitions in opposition to the Application.

<u>Applicants and Description of Transaction</u>

VBT, an Iowa corporation and member-owned cooperative, provides service as an incumbent local exchange carrier (LEC) to approximately 1,553 access lines in the Van Buren, Jefferson, and Lee counties of Iowa, within the exchange areas of Birmingham, Bonaparte, Cantril, Keosauqua, Mount Sterling, and Stockport.[4]

CM Tech, an Iowa corporation and member-owned cooperative in which no single member or entity holds a greater than 10% interest, provides service as an incumbent LEC in Davis County, Iowa.[5]

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

[2] Domestic Section 214 Application for the Transfer of Control of Van Buren Telephone Company, Inc. to Citizens Mutual Telephone Cooperative, WC Docket No. 26-108 (filed May 6, 2026) (Application). On June 12, 2026 and July 6, 2026, Applicants filed supplements to their domestic section 214 application. Letter from Salvatore Taillefer, Counsel to Applicants, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 26-108 (filed June 12, 2026) (First Supplement); Letter from Salvatore Taillefer, Counsel to Applicants, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 26-108 (filed July 6, 2026) (Ex Parte Letter and Attestation). Applicants also filed an application for the transfer of authorizations associated with international services. Any action on the Application is without prejudice to Commission action on other related, pending applications.

[3] *See Domestic Section 214 Application Filed for the Transfer of Control of Van Buren Telephone Company, Inc. to Citizens Mutual Telephone Cooperative*, Public Notice, WC Docket No. 26-108, DA 26-619 (WCB 2026).

[4] Application at 4. Applicants state that VBT delivers 100% fiber-to-the-premises service throughout its approximately 340 square-mile service area. *Id.* Applicants further state that VBT has been designated as an Eligible Telecommunications Carrier (ETC) in Iowa and receives Enhanced A-CAM, CAF ICC, and Lifeline support. *Id.* at 8-9.

[5] First Supplement at 2. Applicants identify the officers and directors of CM Tech, all of whom are U.S. citizens. *Id.* at 1. Applicants state that CM Tech has been designated as an ETC in Iowa and currently receives Enhanced A-

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CM Tech also provides service as a competitive LEC in portions of Mahaska, Keokuk, Wapello, Monroe, Jefferson, Van Buren, and Lee counties, Iowa.[6]

Pursuant to the terms of the proposed transaction, CM Tech will acquire all outstanding shares of stock in VBT.[7] VBT will thereafter continue to operate as a direct, wholly owned subsidiary of CM Tech.[8]

Discussion

Applicants contend that the proposed transaction will serve the public interest, convenience, and necessity.[9] Applicants note that there is no overlap of service areas resulting from the proposed transaction.[10] Although CM Tech's competitive LEC operations in Van Buren County are adjacent to VBT's incumbent LEC service area at limited points, Applicants assert that this adjacency does not give rise to any cognizable public interest harm.[11] Applicants state that VBT's customers will not experience any interruption in service and that they will continue to receive their existing services from the same carrier at the same rates, terms, and conditions.[12] Applicants further state that any future changes in rates, terms, or conditions will be made consistent with the Commission's rules.[13]

Applicants also assert that the proposed transaction will result in public benefits.[14] Applicants assert that the geographic proximity of the Applicants' service areas will yield additional affirmative public interest benefits in the form of operational efficiencies.[15] Applicants note that, following the consummation of the proposed transaction, CM Tech will operate approximately 1,365 square miles of fiber network, serving nearly 6,100 total business and residential customers in southeast Iowa.[16] According to the Applicants, this additional scope and scale will provide greater financial stability, support continued investment in core operations, and improve and enhance service offerings for the

CAM, CAF ICC, and Lifeline support. Application at 8-9. Applicants note that CM Tech's wholly-owned subsidiary, Citizens Communications Company, an Iowa company, is currently inactive and does not offer any domestic telecommunications services. First Supplement at 2; Application, Exh. A at 1.

[6] First Supplement at 2-3. Applicants provide a map depicting CM Tech's incumbent LEC and competitive LEC service areas. *Id.* at Attachment A. Applicants also provide a map of the respective service areas of VBT and CM Tech. *See* Application, Exh. B at 1. Applicants note that CM Tech also manages, pursuant to a management services agreement, the operations of Farmers Telephone Company, an unaffiliated incumbent LEC located in Batavia, Iowa. *Id.*

[7] *Id.* at 4.

[8] *Id.*

[9] *Id.* at 6-8.

[10] *Id.* at 7.

[11] *Id*. Applicants note that they have operated as neighboring rural communications providers for over a century without competing for one another's exchange customers, and neither party has any present intention to enter the other's ILEC service territory. *Id.*

[12] *Id.*

[13] *Id.*

[14] *Id.*

[15] *Id.* Applicants state that the combined entity will be able to consolidate executive management duties, consolidate network operations, share fiber backbone and middle-mile facilities, integrate engineering and outage response, and unify back-office systems — across the contiguous southeast Iowa footprint. *Id*. Applicants assert that these efficiencies will support the combined entity's ability to maintain and improve service to customers in both legacy service areas and to continue investment in rural broadband infrastructure. *Id.*

[16] *Id.*

customers and communities served by the combined entity.[17] Applicants state that CM Tech will maintain and improve VBT's existing fiber network.[18] Applicants also state that CM Tech affirmatively commits to meeting VBT's Enhanced ACAM deployment obligations.[19]

CM Tech further addresses potential concerns by committing to not improperly shift business data services (BDS) costs between its study areas post-transaction.[20] Section 61.50 of the Commission's rules allows rate-of-return incumbent LECs (or carriers) receiving A-CAM or fixed high-cost universal service support to elect to offer BDS (*i.e.*, special access) subject to incentive rather than rate-of-return rate regulation.[21] To prevent internal cost-shifting among study areas, the Commission required "electing carriers to elect incentive regulation at the holding company-level for study areas in all states where that carrier receives fixed support."[22] Carriers electing BDS incentive rate regulation are also required to remove their BDS offerings from the National Exchange Carrier Association, Inc. (NECA) traffic sensitive tariff pool.[23]

CM Tech elected BDS incentive rate regulation in May 2020.[24] Post-transaction CM Tech will be affiliated with Van Buren, a carrier subject to rate-of-return regulation for their BDS offerings.[25] Van Buren participates in the NECA traffic sensitive tariff pool for its BDS offerings.[26] Commission staff raised concerns with CM Tech regarding potential BDS cost-shifting between CM Tech and Van Buren's study areas post-transaction.[27] As CM Tech recognizes, "where a carrier offering BDS under incentive regulation becomes affiliated with a carrier that prices its BDS under cost-based rate-of-return regulation, the affiliated entity could in theory have an incentive to shift costs to the rate-of-return study area in order to increase that study area's cost-based BDS rates."[28]

In response to questions from Commission staff, counsel for CM Tech explained that post-transaction "the outside plant and central office plant and equipment serving each study area will remain

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[17] *Id.*

[18] *Id.*

[19] *Id* at 8. *See also id.* at 9 ("The Proposed Transaction will not result in changes to management, technology, or debt that would compromise either Applicant's ability to meet its E-ACAM service obligations. CM Tech is an experienced E-ACAM recipient with policies and procedures in place to comply with applicable recordkeeping and reporting requirements for high-cost universal service support.").

[20] *See generally* Ex Parte Letter and Attestation.

[21] 47 CFR § 61.50(a); *see* 47 CFR § 69.801(a) (defining business data services).

[22] *See Regulation of Business Data Services for Rate-of-Return Local Exchange Carriers et al.*, WC Docket No. 17-144 et al., Report and Order, Further Notice of Proposed Rulemaking, and Second Further Notice of Proposed Rulemaking, 33 FCC Rcd 10403, 10413, para. 22 (2018) (*Rate-of-Return BDS Order*); 47 CFR § 61.50(a) ("A rate-of-return carrier may elect to offer business data services subject to incentive regulation pursuant to this section [section 61.50] only if all affiliated rate-of-return carriers meeting the requirements of … [section 61.50(b)] … make the election.").

[23] 47 CFR § 61.50(d); *Rate-of-Return BDS Order*, 33 FCC Rcd 10414-15, para. 29.

[24] Ex Parte Letter at 1; *Wireline Competition Bureau Announces Rate-of-Return Carriers Electing Incentive Regulation for Their Business Data Services*, WC Docket No. 17-144, Public Notice, 35 FCC Rcd 7037, 7039 (2020).

[25] Ex Parte Letter and Attestation at 1.

[26] *See* National Exchange Carrier Association, Inc. F.C.C. Tariff No. 5, § 17.5.1, pp. 17-76 (issued June 16, 2025).

[27] Ex Parte Letter and Attestation at 1.

[28] *Id*; *see also Rate-of-Return BDS Order,* 33 FCC Rcd 10403, 10412, para. 22 (2018) (detailing the Commission's decision to require holding company-level election of incentive regulation in response to commenters' concerns with internal cost shifting).

physically distinct and directly assignable to its respective study area."[29] As support, CM Tech committed to allocate common costs between study areas "in accordance with the Commission's cost-allocation and separations rules, with no cross-subsidization or arbitrage between the study areas."[30] Most compelling, CM Tech "intends, following consummation, to convert Van Buren's BDS to incentive regulation so that both study areas are subject to a single cost-recovery methodology."[31] This commitment to convert Van Buren to BDS incentive regulation would remove all BDS cost-shifting concerns because costs would no longer be used to calculate BDS rates. Based on CM Tech' assurance that it will not engage in improper BDS cost-shifting and its intent for Van Buren to convert to BDS incentive regulation, we are persuaded that the proposed transaction is unlikely to result in inflated cost-based tariffed BDS rates and thus, any potential harm to the public interest is negligible.

<u>Grant of Application</u>

We find that grant of the Application will serve the public interest, convenience, and necessity. 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.[32]

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.

For further information, please contact Gregory Kwan, Competition Policy Division, Wireline Competition Bureau, at gregory.kwan@fcc.gov; Audra Hale-Maddox, Telecommunications Access Policy Division, Wireline Competition Bureau, at audra.hale-maddox@fcc.gov; Christopher Koves, Pricing and Policy Division, Wireline Competition Bureau, at christopher.koves@fcc.gov.

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[29] Ex Parte Letter and Attestation at 1-2; Decl. of Vince Tyson, General Manager and Assistant Secretary of Citizens Mutual Telephone Cooperative (dated June 26, 2026).

[30] Ex Parte Letter and Attestation at 1.

[31] *Id*. at 2.

[32] We further direct Applicants to submit in the domestic section 214 docket a notice that the proposed transaction has closed with the consummation date and also provide a courtesy copy of the notice to hcinfo@usac.org. Applicants must submit a copy of the consummation notice via email to gregory.kwan@fcc.gov and audra.hale-maddox@fcc.gov.