

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Allstream Business US, LLC)	
Transferor)	WC Docket No. _____
)	
New Ulm Telecom, Inc.)	
Transferee)	
)	
For Transfer of Control of Scott-Rice Telephone Co., which)	
provides interstate interexchange and exchange access services in)	
Minnesota pursuant to a domestic Section 214 authorization)	
TO: Wireline Competition Bureau		

**APPLICATION FOR STREAMLINED TRANSFER OF CONTROL
OF BLANKET DOMESTIC SECTION 214 AUTHORIZATION**

Allstream Business US, LLC (formerly known as Electric Lightwave Holdings, Inc. and Allstream Business US, Inc.) (“Allstream” or “Transferor”; FRN: 0004-2570-10) and New Ulm Telecom, Inc. (“New Ulm” or “Transferee”; FRN: 0003-7394-30) hereby request Commission authorization for the transfer of control of Scott-Rice Telephone Co. (“Scott-Rice” or “Licensee”; FRN: 0025-8816-32), including its domestic Section 214 authorization, from Allstream to New Ulm.

Scott-Rice is a Minnesota corporation that provides local exchange service and exchange access service as an incumbent local exchange carrier (“ILEC”) in a single Minnesota study area (Study Area Code 351209) that encompasses the communities of Prior Lake, Savage, Webster, Elko and New Market in Scott and Rice Counties in south central Minnesota. Scott-Rice is an average schedule carrier that provides residential and business voice and broadband

telecommunications services. It also provides long distance calling services, Internet access and digital cable television services.

Scott-Rice is a direct, wholly-owned subsidiary of Allstream, which is in turn a direct, wholly-owned subsidiary of Zayo Group, LLC (“Zayo”). Scott-Rice is an incumbent local exchange carrier in Minnesota serving the Prior Lake, New Market and Webster exchanges and also provides interexchange telecommunications services to residential and business customers. Scott-Rice also provides cable services in certain communities of Scott County, Minnesota. Scott-Rice is an average schedule carrier, and continues to receive Universal Service Fund support from the “legacy” Rate of Return mechanisms via the applicable average schedule settlement formulas. Scott-Rice is currently part of Zayo’s Allstream business segment, which provides a unified communications business including voice services.

New Ulm is a Minnesota corporation that provides local exchange and exchange access services as an ILEC itself, and through ILEC and competitive local exchange carrier (“CLEC”) subsidiaries, in and around twenty communities in the counties of Brown, McLeod, Redwood, Carver, Nicollet, Meeker and Goodhue in southern Minnesota and Cherokee in northern Iowa. New Ulm and its subsidiaries provide high-speed Internet access services; computer sales, repair and networking services; managed services; business telephone systems; and digital video services in and around most of the communities in their service areas. New Ulm has elected to receive model-based Universal Service Fund support via the Commission’s Alternative Connect America Cost Model (“ACAM”) path for its existing Minnesota ILEC study areas and its existing Iowa ILEC study area.

The proposed transaction involves the sale by Allstream to New Ulm of all of the issued and outstanding capital stock of Scott-Rice. After the completion of the transaction, New Ulm

will be the 100% parent company of Scott-Rice and will control Scott-Rice's assets and operations, including the subject domestic Section 214 authorization of Scott-Rice.

The proposed transaction qualifies for streamlined processing pursuant to Section 63.03(b)(2)(iii) of the Commission's Rules because: (1) both before and after completion of the proposed transaction, New Ulm and its affiliates and Allstream and its affiliates will have a market share in the interstate, interexchange market of substantially less than 10 percent (10%; (2) New Ulm and its affiliates and Scott-Rice are incumbent independent local exchange carriers (as defined in Section 64.1902 of the Commission's Rules) that have, in combination, fewer than two percent (2.0%) of the nation's subscriber lines installed in the aggregate nationwide; and (3) the service areas of New Ulm and its affiliates are not overlapping with, or adjacent to, Scott-Rice's service area.

In accordance with the requirements of Section 63.04(a) of the Commission's Rules, the Applicants submit the following information:

(1) Name, address and telephone number of each applicant:

Licensee:

Scott-Rice Telephone Co.
1805 29th Street, Suite 2050
Boulder, CO 80301
Telephone: (303) 381-4683

Transferor:

Allstream Business US, LLC.
1805 29th Street, Suite 2050
Boulder, CO 80301
Telephone: (303) 381-4683

Transferee:

New Ulm Telecom, Inc.
27 North Minnesota (P.O. Box 697)
New Ulm, Minnesota 56073
Telephone: (507) 354-4111
Facsimile: (507) 354-1982

(2) Government, state or territory under the laws of which each corporate or partnership applicant is organized:

Scott-Rice is a corporation organized under the laws of the State of Minnesota.

Allstream is a limited liability company organized under the laws of the State of Oregon.

New Ulm is a corporation organized under the laws of the State of Minnesota.

(3) Name, title, post office address, and telephone number of the officer or contact person to whom correspondence concerning the application is to be addressed:

For Transferor:

Wendy Cassity, Senior Vice President & General Counsel
Zayo Group
1805 29th Street, Suite 2050
Boulder, CO 80301
Telephone: (303) 381-4683

With a copy to Counsel:

Catherine Wang
Brett P. Ferenczak
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, N.W.
Washington, DC 20006
Telephone: (202) 739-3000
Facsimile: (202) 739-3001
catherine.wang@morganlewis.com
brett.ferenczak@morganlewis.com

For Transferee:

Bill Otis, President and Chief Executive Officer
New Ulm Telecom, Inc.
27 North Minnesota (P.O. Box 697)
New Ulm, Minnesota 56073
Telephone: (507) 354-4111
Facsimile: (507) 354-1982

With a copy to Counsel:

Gerard J. Duffy
Blooston, Mordkofsky, Dickens, Duffy & Prendergast
2120 L Street, N.W. (Suite 300)
Washington, D.C. 20037
Telephone: (202) 659-0830
Facsimile: (202) 828-5568
gjd@bloostonlaw.com

- (4) **Name, address, citizenship and principal business of any person or entity that directly owns at least ten (10) percent of the equity of the applicant, and the percentage of equity owned by each of those entities:**

Scott-Rice Telephone Co. (Before Transaction)

The name, address, citizenship and principal business of the entities that currently own or control at least ten (10) percent of the equity and voting power of Scott-Rice Telephone Co. are provided in Exhibit A:

Scott-Rice Telephone Co. (After Transaction)

The name, address, citizenship and principal business of the sole entity that owns at least ten (10) percent of the equity and voting power of Scott-Rice Telephone Co. prior to the proposed transaction are:

<u>Name & Address</u>	<u>% Voting & Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
New Ulm Telecom, Inc. 27 North Minnesota New Ulm, MN 56073	100.00%	MN Corp.	Telecommunications

In turn, New Ulm Telecom, Inc., whose stock is traded over-the-counter, has more than 1,300 shareholders, none of which owns or controls ten (10) percent or more of its voting power or equity.

No other individual or entity will directly or indirectly own an interest of ten (10) percent or more of the equity and voting power of Scott-Rice Telephone Co. after the proposed transaction.

- (5) **Certification pursuant to 47 C.F.R. §§1.2001 through 1.2003 that no party to the application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.**

Allstream and New Ulm hereby certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

- (6) **Description of the transaction:**

The proposed transaction involves the purchase by New Ulm from Allstream of all of the issued and outstanding stock of Scott-Rice. At closing, Scott-Rice will become a wholly-owned subsidiary of New Ulm. Its ownership and control of Scott-Rice will give New Ulm control of the domestic Section 214 authorization held by Scott-Rice.

(7) Description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area:

Areas and Services of Scott-Rice

Scott-Rice provides local exchange telephone service (including interstate exchange access) as an ILEC and resold toll services in a single Minnesota study area (SAC: 361479) that encompasses the communities of Prior Lake, Savage, Webster, Elko and New Market in Scott and Rice Counties in south central Minnesota. Scott-Rice also provides Internet access and digital cable television services in its service area. Scott-Rice is an average schedule carrier, and continues to receive Universal Service Fund support from the “legacy” Rate of Return mechanisms via the applicable average schedule settlement formulas. Scott-Rice currently serves approximately 10,000 access lines.

Areas and Services of Allstream and Affiliates.

Allstream is the parent company for Zayo’s Allstream business segment that provides unified communications including voice services in the United States. In addition to Scott-Rice, the following entities comprise the Allstream business segment in the United States:

- Electric Lightwave, LLC provides business and carrier customers a suite of integrated telecommunications products and services (including competitive local exchange, interexchange data, Internet access and broadband transport services) primarily in metropolitan areas in Arizona, California, Colorado, Idaho, Minnesota, Montana, Nevada, North Dakota, Oregon, Utah and Washington. Electric Lightwave, LLC is also authorized to provide intrastate interexchange services in Alabama, Arkansas, Delaware, Florida, Georgia, Hawaii, Illinois (and competitive local exchange), Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New Mexico, New York (also authorized to provide local exchange), North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas (and competitive local exchange), Virginia, Wisconsin and Wyoming, where it primarily serves satellite location of customers whose primary service locations are located in a core market(s).
- opticAccess, LLC provides competitive local exchange and/or interexchange telecommunications services in California, Oregon and Washington.
- X2 Telecom, LLC operates a U.S. domestic festoon cable off the coast of California and provides dark fiber to Zayo and its subsidiaries. It does not provide service directly to end user customers.

Zayo is a provider of bandwidth infrastructure and network neutral colocation and interconnection services over regional and metropolitan fiber networks. These services enable customers to manage, operate, and scale their telecommunications and data networks. Zayo’s customers consist primarily of wireless service providers, national and regional

communications service providers, media/internet/content companies, schools, hospitals, governments, banks and other bandwidth-intensive enterprises. Zayo is authorized to provide competitive local exchange, competitive access and/or interexchange in the District of Columbia and every state except Alaska and Hawaii. Zayo's primary telecommunications service offerings include high-capacity bandwidth services such as private line, Ethernet, wavelength and higher services.

In addition, on February 29, 2018, Zayo completed the acquisition Spread Networks, LLC and its subsidiaries, Spread Telecommunications, LLC ("Spread"), Northeastern ITS, LLC ("NITS") and Job 8, LLC ("Job 8") (collectively, "Spread Networks"). Spread Networks operates a direct, lowest latency fiber route between Chicago and New York. Spread provides interstate telecommunications services in Illinois, New Jersey, New York, Ohio and Pennsylvania and intrastate telecommunications services (primarily wireless) in New Jersey. Spread does not hold authorization to provide intrastate telecommunications services in any state. NITS is authorized to provide: (1) competitive local exchange and interexchange telecommunications services in New Jersey; (2) competitive telecommunications services (interexchange) in Ohio; and (3) competitive access provider services in Pennsylvania. Job 8 is authorized to provide competitive local exchange and interexchange telecommunications in Illinois. NITS and Job 8 provide a de minimis amount of intrastate telecommunications services in the states indicated. The following affiliates of Spread hold millimeter wave licenses from the Commission: Midwest Industrial Communications Services, LLC (Call Sign WQOX949); and mmW Backhaul Solutions, LLC (Call Sign WQOD968).

Zayo is in the process of acquiring the assets of Near North Partners, LLC ("NNP") and its affiliate Neutral Path Communications, LLC ("NPC" and together with NNP, "Neutral Path"). *See* WC Docket No. 18-49. Neutral Path operate a fiber-based transport business providing facilities-based point-to-point transport communications facilities and related services.¹ Neutral Path makes its facilities available to Internet service providers, wireless carriers, government, data center operators and other private network operators. Neutral Path generally provides dark fiber and related cross-connects and co-location facilities, point-to-point Ethernet, as well as passive and optical wave facilities in Colorado, Iowa, Minnesota, and Nebraska. Additionally, Neutral Path also terminates facilities in locations in Missouri and Illinois.

Allstream has no other subsidiaries or affiliates that offer domestic telecommunications services.

Areas and Services of New Ulm and Affiliates

New Ulm provides local exchange telephone service (including interstate exchange access) as an ILEC and resold interstate toll services in the rural southern Minnesota communities of New Ulm, Courtland, Essig, Klossner, and Searles. New Ulm also has three wholly-owned ILEC subsidiaries: (1) Western Telephone Company ("Western"), which provides local

¹ NPC does not provide telecommunications services but rather only provides dark fiber, colocation, cross connect and related facilities to customers.

exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural southern Minnesota communities of Springfield and Sanborn; (2) Hutchinson Telephone Company (Hutchinson”), which provides local exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural southern Minnesota community of Hutchinson; (3) Sleepy Eye Telephone Company (“Sleepy Eye”), which provides local exchange telephone services (including interstate exchange access) and resold long distance toll services in and around the rural south central and southeastern Minnesota communities of Sleepy Eye, Hanska, Goodhue, Bellechester, White Rock, Cobden, Evan and Mazeppa; and (4) Peoples Telephone Company (“Peoples”), which provides local exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural northwestern Iowa community of Aurelia. New Ulm and its ILEC subsidiaries and its CLEC operation, all of which operate under the trade name NU-Telecom, serve approximately 22,000 access lines in the aggregate. New Ulm has elected to receive model-based Universal Service Fund support via the Commission’s Alternative Connect America Cost Model (“ACAM”) path for its four existing Minnesota ILEC study areas [SACs: 361442 (New Ulm), 361501 (Western), 361409 (Hutchinson) and 361483 (Sleepy Eye)] and its existing Iowa ILEC study area [SAC: 351273 (Peoples)] .

New Ulm also provides competitive local exchange telephone service (including interstate exchange access) and resold interstate toll services as a CLEC in the rural southern Minnesota community of Redwood Falls where CenturyLink is the ILEC.

Hutchinson Telecommunications, Inc., a wholly owned subsidiary of New Ulm, provides competitive local exchange telephone services (including interstate exchange access) and resold interstate toll services as a CLEC in the rural southern Minnesota communities of Litchfield and Glencoe where CenturyLink is the ILEC.

New Ulm and its ILEC and CLEC subsidiaries provide high-speed Internet access services; computer sales, repair and networking services; managed services; business telephone systems; and digital video services in and around most of the communities in their service areas.

New Ulm holds an 24.30 percent ownership interest in Broadband Visions, LLC, a Minnesota limited liability corporation that provides video headend and Internet services to program distributors and others from a headend located in Hutchinson, Minnesota.

New Ulm holds a 20.00 percent ownership interest in Fibercomm, LC, an Iowa limited liability corporation that provides competitive local exchange services in and around Sioux City, Iowa.

New Ulm holds a 12.50 percent ownership interest in SM Broadband, LLC, a Minnesota limited liability company that provides network connectivity for businesses in and around southern Minnesota.

New Ulm holds a 14.29 percent ownership interest in Independent Emergency Services, LLC, a Minnesota limited liability company that provides E-911 services to the State of Minnesota as well as several Minnesota counties.

New Ulm is developing a Common Carrier Fixed Point to Point Microwave network to provide broadband services to business and residential customers in and around the rural communities of Walnut Grove (File No. 0008091250), Storden (File No. 0008091248), Lamberton (File No. 0008091247) and Wabasso (File No. 0008091249) in Redwood and Cottonwood Counties in southern Minnesota.

New Ulm is the licensee of PCS Station WPOL772, Aurelia, Iowa.

New Ulm has no other subsidiaries or affiliates that offer telecommunications services.

(8) Statement as to how the application fits into one or more of the presumptive streamlined categories in section 63.03 or why it is otherwise appropriate for streamlined treatment:

The proposed transaction qualifies for streamlined processing pursuant to Section 63.03(b)(2)(iii) of the Commission's Rules because: (1) both before and after completion of the proposed transaction, New Ulm and its affiliates and Allstream and its affiliates will have a market share in the interstate, interexchange market of substantially less than 10 percent (10.0 %); (2) New Ulm and its affiliates and Scott-Rice are incumbent independent local exchange carriers (as defined in Section 64.1902 of the Commission's Rules) that have, in combination, approximately 28,450 access lines, which is far less than two percent (2.0%) of the nation's subscriber lines installed in the aggregate nationwide; and (3) the service areas of New Ulm and its affiliates are not overlapping with, or adjacent to, Scott-Rice's service area.

(9) Identification of all other Commission applications related to the same transaction:

Applicants will not be filing any other applications with the Commission with respect to this transaction.

(10) Statement of whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure:

No party to the transaction is facing imminent business failure at this time. Therefore, the Applicants are not requesting special consideration because a party to the transaction is facing imminent business failure.

(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction:

No separately filed waivers or waiver requests are being sought in conjunction with the proposed transaction. It is the understanding and opinion of the parties that no Commission rule restricts or prohibits an ACAM support recipient like New Ulm from acquiring a Rate of

Return and average schedule carrier in the same state like Scott-Rice well after the end of the ACAM election and implementation period. Hence, it is the further understanding and belief of the parties that no waivers of the Commission's Rules are required for New Ulm and its affiliates to continue to operate and receive Universal Service Fund support pursuant to the ACAM mechanism after completion of the proposed transaction, and for Scott-Rice to continue to operate as an average schedule company and to receive Universal Service Fund support pursuant to the "legacy" Rate of Return mechanisms after completion of the proposed transaction.

(12) Statement showing how grant of the application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets:

Grant of this Application will serve the public interest and, in fact, yield affirmative public interest benefits because the proposed transaction will allow for the continued provision of high-quality communications services to customers of Scott-Rice. New Ulm and its affiliates have a long and proven record of investing in rural networks and communities, and of providing high-quality, state-of-the-art voice, data and video services at affordable rates to their rural Minnesota and Iowa service areas. The proposed transaction will ensure that the rural Minnesota customers of Scott-Rice will continue to receive high-quality, state-of-the-art voice, data and video services at affordable rates during the foreseeable future.

CONCLUSION


In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of Scott-Rice Telephone Co. and its Domestic Section 214 Authorization from Allstream Business US, LLC to New Ulm Telecom, Inc.

Allstream Business US, LLC and New Ulm Telecom, Inc. reiterate that they certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Respectfully submitted,

ALLSTREAM BUSINESS US, LLC

NEW ULM TELECOM, INC.

By: 
Wendy Cassity, Senior Vice President
and General Counsel

By: _____
Bill Otis, President and
Chief Executive Officer

Date: March 7, 2018

Date: _____

CONCLUSION

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of Scott-Rice Telephone Co. and its Domestic Section 214 Authorization from Allstream Business US, LLC to New Ulm Telecom, Inc.

Allstream Business US, LLC and New Ulm Telecom, Inc. reiterate that they certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Respectfully submitted,

ALLSTREAM BUSINESS US, LLC

NEW ULM TELECOM, INC.

By: _____
Wendy Cassity, Senior Vice President
and General Counsel

By: Bill Otis
Bill Otis, President and
Chief Executive Officer

Date: _____

Date: March 8, 2018

EXHIBIT A

Current Ownership of Scott-Rice Telephone Co.

The following entity directly, wholly owns **Scott-Rice Telephone Co.**:

Name:	Allstream Business US, LLC ("Allstream")
Address:	1805 29th Street, Suite 2050 Boulder, CO 80301
Citizenship:	U.S. (Oregon)
Principal Business:	Telecommunications
% Interest:	100% (directly)

The following entity directly, wholly owns **Allstream**:

Name:	Zayo Group, LLC ("Zayo")
Address:	1805 29th Street, Suite 2050 Boulder, CO 80301
Citizenship:	U.S. (Delaware)
Principal Business:	Telecommunications
% Interest:	100% (directly)

The following entity directly, wholly owns **Zayo**:

Name:	Zayo Group Holdings, Inc. ("Zayo Holdings")
Address:	1805 29th Street Boulder, CO 80301
Citizenship:	U.S. (Delaware)
Principal Business:	Holding Company
% Interest:	100% (directly in Zayo)

The following entities and individuals currently hold a ten percent (10%) or greater, direct or indirect, interest in **Zayo Holdings**:

Name:	GTCR Partners X/A&C LP
Address:	300 N. LaSalle Street, Suite 5600 Chicago, IL 60654
Citizenship:	U.S. (Delaware)
Principal Business:	Investments
% Interest:	Approx. 10.9% (indirectly in Zayo Holdings as the general partner of GTCR Fund X/A LP, GTCR Fund X/C LP and GTCR Investors (CII) LP, each of which holds a direct interest in Zayo Holdings but individually does not hold a 10% or greater interest in Zayo Holdings)

Name: GTCR Investment X LLC
 Address: 300 N. LaSalle Street, Suite 5600
 Chicago, IL 60654
 Citizenship: U.S. (Delaware)
 Principal Business: Investments
 % Interest: Approx. 11.0% (indirectly in Zayo Holdings as the
 general partner of (i) GTCR Partners X/A&C LP
 and (ii) GTCR Co-Invest X LP, which holds less
 than a 0.1% direct interest in Zayo Holdings))

The following individuals are members of the board of managers of GTCR Investment X LLC, are all U.S. citizens, and can be reached through GTCR Investment X LLC:

Mark M. Anderson
 Craig A. Bondy
 Philip A. Canfield
 David A. Donnini
 Constantine S. Mihas
 Collin E. Roche
 Sean L. Cunningham
 Aaron D. Cohen

To Zayo's knowledge, no other person or entity, directly or indirectly, owns or controls a 10% or greater interest in Zayo Holdings through GTCR Partners X/A&C LP or GTCR Investment X LLC.

Zayo Holdings is a publicly traded company (NYSE: ZAYO) whose stock ownership varies on a daily basis. Based on information filed with the SEC with respect to Zayo Holdings and other information provided to Zayo Holdings, to the knowledge of Zayo's management, no other person or entity currently holds a 10% or greater direct or indirect interest in Zayo. Additional information regarding Zayo Holdings' ownership is available in Zayo Holdings' most recent proxy statement available at: <https://www.sec.gov/Archives/edgar/data/1608249/000104746917006037/0001047469-17-006037-index.htm>.