

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

In the Matter of )  
 )  
**Shareholders of Walnut Telephone Company, Inc.** )  
Transferees ) WC Docket No. \_\_\_\_\_  
 )  
**Marne & Elk Horn Telephone Company** )  
Transferee )  
 )  
For Transfer of Control of Walnut Telephone Company, Inc., )  
which provides interstate interexchange and exchange access )  
services in Iowa pursuant to a blanket domestic Section 214 )  
authorization )

TO: Wireline Competition Bureau

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

The Shareholders of Walnut Telephone Company, Inc., d/b/a Walnut Communications (“WTC”; FRN: 0003-7496-45) and Marne & Elk Horn Telephone Company (“MEHTC”; FRN: 0002-5947-52) hereby request Commission authorization for the transfer of control of WTC, including WTC’s blanket domestic Section 214 authorization, from the existing Shareholders of WTC to MEHTC.

WTC is an Iowa corporation that provides local exchange service and exchange access service as an incumbent local exchange carrier (“ILEC”) in one rural exchange (the Walnut exchange) located in Pottawattamie and Shelby Counties in rural southwestern Iowa. WTC also provides local exchange service and exchange access service as a competitive local exchange carrier (“CLEC”) in six rural exchanges (the Avoca, Shelby, Minden, Persia, Neola and Underwood exchanges) located in Pottawattamie, Shelby and Harrison Counties in rural southwestern Iowa. WTC also provides resold interstate and intrastate long distance toll

services, Internet access services, and digital television services to customers within its ILEC and CLEC local exchange service areas.

MEHTC is an Iowa corporation that provides local exchange service and exchange access service as an ILEC in four rural exchanges (the Marne, Elk Horn, Kimballton and, Brayton exchanges) located in Cass, Shelby and Audubon Counties in rural southwestern Iowa. MEHTC provides local exchange service and exchange access service as a CLEC in one rural exchange (the Exira exchange) located in Audubon County in rural southwestern Iowa. MEHTC also provides resold interstate and intrastate long distance toll services, Internet access services, and television services to customers within its local exchange service areas.

The proposed transaction is comprised of the merger of METC, Inc., an Iowa corporation and wholly-owned subsidiary of MEHTC into WTC. The surviving company of this merger will be WTC. The existence of METC, Inc. will cease, and the pre-existing shares of WTC will be redeemed for cash and MEHTC stock. As a result of this process, MEHTC will become the parent company owning 100 percent of the stock of WTC. MEHTC will thereby control WTC, including WTC's blanket Section 214 authorization.

The proposed transaction may qualify for streamlined processing pursuant to Section 63.03(b)(2)(iii) of the Commission's Rules because (a) WTC and MEHTC together have a market share in the interstate, interexchange market of less than 10 percent; (b) WTC and MEHTC together have less than 1,700 access lines which constitute far fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide; (c) the ILEC and CLEC service areas of WTC and MEHTC do not overlap, and they do not compete for the same local exchange service customers. However, the applicants note that WTC's Walnut exchange is adjacent to MEHTC's Marne and Elk Horn exchanges.

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:**

**Transferors:**

Shareholders of Walnut Telephone Company, Inc.  
c/o Walnut Telephone Company, Inc.  
510 Highland Street (P.O. Box 346)  
Walnut, Iowa 51577  
Telephone: (712) 784-2211  
Facsimile: (712) 784-2010

**Transferee:**

Marne & Elk Horn Telephone Company  
4242 Main Street (P.O. Box 120)  
Elk Horn, Iowa 51531  
Telephone: (712) 764-6161  
Facsimile: (712) 764-2773

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

Walnut Telephone Company, Inc. is an Iowa corporation.

Marne & Elk Horn Telephone Company is an Iowa corporation.

METC, Inc. is an Iowa corporation.

- (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 Transferors:**

Bruce Heyne, President  
Walnut Telephone Company, Inc.  
510 Highland Street (P.O. Box 346)  
Walnut, Iowa 51577  
Telephone: (712) 784-2211  
Facsimile: (712) 784-2010

**For Transferee:**

Janell J. Hansen, Chief Executive Officer  
Marne & Elk Horn Telephone Company  
4242 Main Street (P.O. Box 120)  
Elk Horn, Iowa 51531  
Telephone: (712) 764-6161  
Facsimile: (712) 764-2773

With a copy to Counsel:

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

- (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:**

**Walnut Telephone Company, Inc. (Prior to Transaction)**

The name, address, citizenship and principal business of the only entity that owns at least ten (10) percent of the equity and voting power of Walnut Telephone Company, Inc. before the proposed transaction are:

<u>Name &amp; Address</u>	<u>% Voting &amp; Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Bruce Heyne 510 Highland Street Walnut, IA 51577	23.29%	U.S.A	Telecommunications

There are approximately 180 other shareholders of Walnut Telephone Company, Inc. prior to the proposed transaction. None of these other shareholders directly or indirectly owns an interest of ten (10) percent or more of the equity and voting power of WTC. To the best of WTC's knowledge, information and belief, all of these other shareholders are United States citizens. All can be contacted via the 510 Highland Street address in Walnut, Iowa 51577.

**Walnut Telephone Company, Inc. (After Transaction)**

The name, address, citizenship and principal business of the only entity that will own at least ten (10) percent of the equity and voting power of Walnut Telephone Company, Inc. after the proposed transaction are:

<u>Name &amp; Address</u>	<u>%</u> <u>Voting &amp; Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Marne & Elk Horn Telephone Company 4242 Main Street Elk Horn, IA 51531	100.00%	Iowa Corporation	Telecommunications

In turn, MEHTC presently has approximately 290 shareholders. None of these shareholders directly or indirectly owns an interest of ten (10) percent or more of the equity and voting power of MEHTC. To the best of MEHTC's knowledge, information and belief, all of these shareholders are United States citizens. All can be contacted via the 4242 Main Street address in Elk Horn, Iowa 51531.

No other individual or entity will directly or indirectly own or control an interest of ten (10) percent of the equity and/or voting power of Walnut Telephone Company, Inc. or Marne & Elk Horn Telephone Company before or 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.**

WTC and MEHTC 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 is a transfer of control of WTC from its existing shareholders to MEHTC. It will be accomplished by merging METC, Inc., an Iowa corporation and wholly-owned subsidiary of MEHTC, into WTC, with WTC being the surviving corporation. The existence of METC, Inc. will then cease, and the pre-existing shares of WTC will be redeemed for cash and MEHTC shares. At the end of this process, MEHTC will own 100 percent of the stock of WTC, and will control WTC and its blanket Section 214 authorization.

**(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 Walnut Telephone Company, Inc. and Affiliates.**

WTC provides local exchange service and exchange access service as an ILEC in one rural exchange (the Walnut exchange) located in Pottawattamie and Shelby Counties in rural southwestern Iowa. WTC provides local exchange service and exchange access service as a CLEC in six rural exchanges (the Avoca, Shelby, Minden, Persia, Neola and Underwood exchanges) located in Pottawattamie, Shelby and Harrison Counties in rural southwestern Iowa. WTC also provides resold interstate and intrastate long distance toll services, Internet access services, and digital television services to customers within its ILEC and CLEC local exchange service areas.

Walnut Communications, Inc. ("WCI"), an Iowa corporation and wholly-owned subsidiary of WTC, is the licensee of Broadband Personal Communications Service Stations WPTD295 and WPYR813 in Basic Trading Area ("BTA") 332 – Omaha, Nebraska.

WCI owns a 9.09 percent member interest in RSA 7 Investment Fund, LLC, an Iowa limited liability company, which in turn owns a 49 percent limited partnership interest in RSA 7 Limited Partnership, which provides cellular service in Iowa RSA 7.

WTC owns 0.6 percent of the common stock and 0.3 percent of the preferred stock of Aureon (formerly Iowa Network Services), an Iowa corporation that provides centralized equal access and related telecommunications services in Iowa.

Walnut has no ownership interests in any other entity that offers domestic telecommunications services.

**Areas and Services of Marne & Elk Horn Telephone Company and Affiliates**

MEHTC provides local exchange service and exchange access service as an ILEC in four rural exchanges (the Marne, Elk Horn, Kimballton and, Brayton exchanges) located in Cass, Shelby and Audubon Counties in rural southwestern Iowa. MEHTC provides local exchange service and exchange access service as a CLEC in one rural exchange (the Exira exchange) located in Audubon County in rural southwestern Iowa. MEHTC also provides resold interstate and intrastate long distance toll services, Internet access services, and television services to customers within its local exchange service areas.

MEHTC owns a 9.09 percent member interest in RSA 7 Investment Fund, LLC, an Iowa limited liability company, which owns a 49 percent limited partnership interest in RSA 7 Limited Partnership, which provides cellular service in Iowa RSA 7.

MEHTC owns a 12.5 percent interest in West Iowa Cellular, Inc., an Iowa corporation that owns a 49 percent limited partnership interest in Iowa 8 – Monona Limited Partnership, which provides cellular service in Iowa RSA 8.

MEHTC owns 0.8 percent of the common stock and 1.1 percent of the preferred stock of Aureon (formerly Iowa Network Services), an Iowa corporation that provides centralized equal access and related telecommunications services in Iowa.

MEHTC has no ownership interests in any other entity that offers domestic 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:**

This application may qualify for streamlined processing pursuant to Section 63.03(b)(2)(iii) of the Commission's Rules because (a) WTC and MEHTC together have a market share in the interstate, interexchange market of less than 10 percent; (b) WTC and MEHTC together have less than 1,700 access lines which constitute far fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide; (c) the ILEC and CLEC service areas of WTC and MEHTC do not overlap, and they do not compete for the same local exchange service customers. However, the applicants note that WTC's Walnut exchange is adjacent to MEHTC's Marne and Elk Horn exchanges.

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

The parties will also be filing applications for transfer of control of Broadband Personal Communications Service Stations WPTD295 and WPYR813 (BTA332 – Omaha, Nebraska) which are licensed to WTC subsidiary WCI.

**(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.

- (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:**

The proposed transaction entails the acquisition of WTC by the somewhat larger MEHTC organization that has long provided telecommunications services in rural southwestern Iowa. WTC and MEHTC both have long and proven records of investing in their rural networks and communities, and of providing high-quality, state-of-the-art voice, data and video services at affordable rates to their rural service areas. The proposed transaction will ensure that WTC's customers and service area 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 Walnut Telephone Company, Inc. from its existing shareholders to Marne & Elk Horn Telephone Company and the continuation of the interstate interexchange and exchange access services provided by WTC pursuant to the subject blanket domestic Section 214 authorization.

Walnut Telephone Company, Inc. and Marne & Elk Horn Telephone Company 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,

**SHAREHOLDERS OF WALNUT  
TELEPHONE COMPANY, INC.**

By:   
Bruce Heyne, President

Date: 12 JUL 2014

**MARNE & ELK HORN  
TELEPHONE COMPANY**

By:   
Janell J. Hansen, Chief Executive Officer

Date: 7/12/14