

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

In the Matter of)	
)	
Application of Clarity Communications)	
Group, LLC,)	
Transferor)	
)	
Lumos Networks Corp.,)	File No. _____
Transferee)	
)	
Application for Consent to Transfer)	
Domestic Authority Pursuant to Section)	
214 of the Communications Act of 1934,)	
as amended)	

**STREAMLINED APPLICATION FOR CONSENT TO TRANSFER
DOMESTIC SECTION 214 AUTHORITY**

Pursuant to section 214 of the Communications Act of 1934, as amended (the “Communications Act”),¹ and section 63.04 of the Commission’s Rules,² Clarity Communications Group, LLC (FRN 0024089690) (“Clarity”) and Lumos Networks Corp. (FRN 0020975710) (“Lumos” and, together with Clarity, the “Applicants”) hereby request consent to transfer control of Clarity and its wholly-owned subsidiary, LMK Communications, LLC (FRN 0005051891) (“LMK”), to Lumos. As explained below, LMK holds domestic section 214 authority.

In accordance with the requirements of section 63.04(a) of the Commission’s rules, the Applicants respectfully submit the following information in support of this application:

¹ 47 U.S.C. § 214.

² 47 C.F.R. § 63.04.

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

Transferor: Clarity Communications Group, LLC
9650 Strickland Rd #103-143
Raleigh, NC 27615
Tel: (919) 841-4550

Transferee: Lumos Networks Corp.
One Lumos Plaza (physical address)
P.O. Box 1068 (mailing address)
Waynesboro, VA 22980
Tel: (540) 946-2000

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

Transferor: Clarity is a North Carolina limited liability company.

Transferee: Lumos is a Delaware corporation.

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

For the Transferor (Clarity):

Todd Peverall, President
Jennifer Halsing, CFO
Clarity Communications Group LLC
9650 Strickland Rd #103-143
Raleigh, NC 27615
Tel: (919) 841-4550
Email: Todd@networkclarity.com
Jennifer@networkclarity.com

with a copy to:

Amy Risseeuw
Wyrick Robbins Yates & Ponton LLP
4101 Lake Boone Trail, Suite 300
Raleigh, NC 27607
Tel: (919) 781-4000
E-mail: arisseeuw@wyrick.com

For the Transferee (Lumos):

Mary McDermott, Senior Vice President,
Legal and Regulatory Affairs and Secretary
Lumos Networks Corp.
One Lumos Plaza (physical address)
P.O. Box 1068 (mailing address)
Waynesboro, VA 22980
Tel: (540) 946-2000
E-mail: mcdermottm@lumosnet.com

with a copy to:

Regina M. Keeney
Emily J.H. Daniels
Lawler, Metzger, Keeney & Logan, LLC
1717 K Street, NW, Suite 1075
Washington, DC 20006
Tel. (202) 777-7700
Email: gkeeney@lawlermetzger.com
edaniels@lawlermetzger.com

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

The following parties currently own at least ten percent of the equity of Clarity:

<u>Name and Address</u>	<u>Percentage Ownership</u>	<u>Citizenship</u>	<u>Principal Business</u>
Baileywick Holdings, Inc. 9650 Strickland #103-193 Raleigh, NC 27615	100%	U.S.	Holding Company

In turn, the following parties currently own at least ten percent of the equity of Baileywick Holdings, Inc.:

<u>Name and Address</u>	<u>Percentage Ownership</u>	<u>Citizenship</u>	<u>Principal Business</u>
Todd Peverall 9650 Strickland Rd #103-143 Raleigh, NC 27615	50%	U.S.	Communications

Andrew Carwile 9650 Strickland Rd #103-143 Raleigh, NC 27615	50%	U.S.	Communications
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Upon consummation of the proposed transaction, Lumos will own 100 percent of Clarity (and LMK – the section 214 authorization holder):

<u>Name and Address</u>	<u>Percentage Ownership</u>	<u>Citizenship</u>	<u>Principal Business</u>
Lumos Networks Corp. One Lumos Plaza (physical address) P.O. Box 1068 (mailing address) Waynesboro, VA 22980	100%	U.S.	Communications

In turn, the following parties own at least ten percent of the equity of Lumos:

<u>Name and Address</u>	<u>Percentage Ownership</u>	<u>Citizenship</u>	<u>Principal Business</u>
FMR LLC (Fidelity Investments) 82 Devonshire Street Boston, MA 02109	12%	U.S.	Investment Management
The Vanguard Group 455 Devon Park Drive Wayne, PA 19087	11%	U.S.	Investment Management
Blackrock, Inc. 40 East 52 nd Street New York, NY 10022	10%	U.S.	Investment Management

(5) Certification pursuant to 47 C.F.R. §§ 1.2001-1.2003 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, 21 U.S.C. § 583:

By their signatures below, Applicants certify that, to the best of their knowledge and belief, 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, 21 U.S.C. § 583, or 47 C.F.R. §§ 1.2001-1.2003.

(6) A description of the transaction:

Pursuant to the terms of the Equity Interest Purchase Agreement entered into on November 2, 2016, Lumos proposes to acquire all of the equity interests of Clarity from Baileywick Holdings, Inc., which is owned by Todd Peverall and Andrew Carwile. Purchase of these equity interests will give Lumos control of Clarity and its assets, including LMK's blanket domestic section 214 authorization. Clarity, and in turn LMK, will continue to operate as they do today under new ownership. As a result, the proposed transaction will be seamless for existing customers.

(7) A 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:

Transferor: Clarity, through its operating subsidiary, offers wireline data services such as Ethernet transport, dedicated Internet access, and dark fiber in parts of North Carolina, South Carolina, Georgia, Virginia, Tennessee, and Alabama. The majority of Clarity's operations are carried out in North Carolina.

Transferee: Lumos provides fiber-based wireline services, including data, voice, and IP-based telecommunications services, to carrier, enterprise, and data center customers in twenty-four markets in Virginia, Pennsylvania, West Virginia, Maryland, Ohio, and Kentucky.

Overlap: While both Clarity and Lumos operate in Norfolk, Virginia, their networks do not overlap, and the parties do not compete for the same customers. To the contrary, Clarity has only one circuit with an endpoint anywhere in Virginia, and Lumos neither offers service to nor markets its offerings to this location. Indeed, Lumos is a very new entrant into the Richmond and Norfolk/Hampton Roads markets in Virginia. Lumos' 822-mile fiber expansion into those markets was just completed in April of 2016. Accordingly, the proposed transaction will not have any adverse impact on competition.

(8) A statement as to how the application fits into one or more of the presumptive streamlined categories:

This application fits within the presumptive streamlined categories set forth in the Commission’s rules, and streamlined treatment is requested. Specifically, the proposed transaction fits within subsection 63.03(b)(2), because the transaction would result in Lumos “having a market share in the interstate, interexchange market of less than 10 percent, and the transferee would provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction.”³ Moreover, neither of the applicants is dominant with respect to any service.⁴

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

No other Commission applications are related to the transaction described herein.

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

The Applicants are not requesting special consideration based on any imminent business failure.

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

No separately filed waiver requests are being sought in conjunction with the transaction.

(12) A statement showing how grant of the application will serve the public interest, convenience and necessity:

Lumos has a long history of providing wireline telecommunications services in rural portions of the mid-Atlantic, growing over time into a regional provider of competitive high

³ 47 C.F.R. § 63.03(b)(2).

⁴ 47 C.F.R. § 63.03(b)(2)(i).

bandwidth services to enterprise and carrier customers via its owned fiber network. With a current fiber network of 9,204 fiber route miles and more than 475,507 total fiber strand miles, Lumos connects 1,295 unique fiber-to-the-cell (“FTTC”) sites, 1,636 total FTTC connections, 36 data centers, 1,984 on-net buildings, and over 3,200 total on-net locations.

In turn, Clarity is an independent bandwidth infrastructure provider serving portions of the Southeast with a fiber optic network spanning 730 route miles and connecting over 75 on-net locations across four states. Clarity, through LMK, provides a full suite of high-bandwidth connectivity services to a customer base that includes high-value government, enterprise, and carrier clients.

Following the proposed transfer of control, Clarity will continue to provide high-quality telecommunications services, while gaining access to the additional resources and operational expertise provided by Lumos. Because Clarity’s service areas and offerings provide an ideal complement to those of Lumos, the post-transaction entity will be a stronger telecommunications competitor throughout its new service area. For example, Lumos will be able to deploy additional capital to expand the Clarity network and business. Clarity will bring expertise regarding a unique customer base that will strengthen Lumos’ sales and customer focus, and Clarity’s founding partners, Todd Peverall and Andrew Carwile, will join the Lumos team post-acquisition. Accordingly, Lumos and Clarity anticipate that the proposed transaction will serve the public interest by strengthening both companies and permitting them to offer additional consumers innovative technologies, products, and services. The benefits for Clarity’s customers will be quickly realized because Clarity will have the capital needed to continue to build out and improve its network, while the Clarity team will be an additional catalyst for Lumos in its efforts to grow its business on the new Tidewater network.

Importantly, the proposed transfer will be transparent to current Clarity customers. After the transfer of control, Clarity (and LMK) will continue to provide high-quality communications services on reasonable terms and conditions to existing customers, and there will be no interruption of service.

Conclusion

For the foregoing reasons, the Applicants respectfully submit that grant of this application by the Commission would serve the public interest, convenience, and necessity.

Respectfully submitted,

Lumos Networks Corp.

By: 

Mary McDermott
Senior Vice President,
Legal and Regulatory Affairs and Secretary
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Waynesboro, VA 22980
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Clarity Communications Group, LLC

By: 

Todd Peverall
President
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Raleigh, NC 27615
Tel: (919) 841-4550
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Date: November 10, 2016