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DA 02-1811
Released: July 25, 2002

DOMESTIC SECTION 214 APPLICATION FILED FOR CONSENT TO TRANSFER CONTROL OF LOCAL EXCHANGE ASSETS FROM CITIZENS TELECOMMUNICATIONS COMPANY OF NORTH DAKOTA TO POLAR TELECOMMUNICATIONS, INC.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 02-194

On June 17, 2002, Citizens Telecommunications Company of North Dakota ("Citizens-ND) and Polar Telecommunications, Inc. ("Polar") (collectively, the Petitioners"), filed an application pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214 (the "Act") for approval to transfer control of Citizens-ND's Pembina, North Dakota exchange to Polar.

Applicants assert that this application is subject to streamlined processing under section 63.03(b)(1)(iii) of the Commission's rules because the proposed transaction involves the transfer of the local exchange assets of an incumbent LEC by means other than an acquisition of corporate control.[1]

Citizens-ND is a Delaware corporation. Citizens-ND is a wholly owned subsidiary of Citizens Communications Company, a Delaware corporation having its principal place of business at 3 High Ridge Park, Stamford, CT 06095. Citizens Communications Company is a publicly traded corporation in which no individual or entity owns an equity interest of ten percent or more.

Polar is a North Dakota corporation. Polar is a wholly owned subsidiary of Polar Communications Mutual Aid Corporation d/b/a Polar Communications, a cooperative association. No member owns an interest of ten percent or more in Polar Communications Mutual Aid Corporation d/b/a Polar Communications.

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[1] 47 C.F.R. section 63.03(b)(1)(iii).

Citizens-ND is in the process of selling five of the eight exchanges it owns in North Dakota. Two of those exchanges, Gwinner and Lisbon, are being sold to Dickey Rural Access, Inc.; one exchange, Pembina, North Dakota, is being sold to Polar Telecommunications, Inc.; and two exchanges, Wyndmere and Fairmount, North Dakota, are being sold to Red River Telecom, Inc. Applicants assert that these five exchanges are being sold because they can be operated more efficiently by other incumbent LECs already operating in close proximity. Upon consummation of the three transactions, Citizens-ND will continue to operate three exchanges in North Dakota – Williston, Alexander and Watford City.

In this particular transaction, Citizens-ND is selling its Pembina, North Dakota exchange to Polar. This transaction includes all assets, except those specifically excluded by the Purchase and Sale Agreement between the parties associated with this exchange. Upon consummation of this transaction, Polar will become an incumbent LEC in the Pembina, North Dakota exchange areas.[2]

The Pembina exchange is located in the extreme northeastern corner of North Dakota, on the Canadian border. According to Applicants, it serves a very rural, sparsely populated farming area. The Pembina exchange serves approximately 635 access lines. The exchange serves portions of two counties, each of which has the following population as of the most recent census: Pembina County, with a population of 8,585 and Walsh County, with a population of 12,389. The major towns and their population served by the exchange are Pembina City (Pembina County), with a population of 642 and Park River (Walsh County), with a population of 1,535.

Citizens-ND, an incumbent LEC, provides a full range of residential and business local exchange, switched and special access, custom calling, and information services in the two exchanges that are being sold to Polar. Polar will provide comparable services, as it is already doing in its present and proximate changes, when it takes ownership of the Pembina exchange area.

Citizens-ND states that it acquired the North Dakota described above from Qwest on October 30, 2000. The North Dakota acquisitions were part of a larger series of transactions in which the Citizens Communications Companies were acquiring rural local exchange operations from Qwest throughout the western states. The North Dakota transaction involved small "islands" of exchanges in the state as part of a much larger series of transactions that would allow the Citizens Communications Companies to create cohesive and viable regional operations in the West. However, Citizens-ND states that the larger series of transactions was ultimately aborted, thereby making it extremely difficult to achieve regionalized economies of scale with the five small North Dakota exchange areas that Citizens-North Dakota has contracted to sell.

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[2] On April 5, 2002, Citizens-ND and Polar filed a joint petition seeking "study area waivers" pursuant to sections 61.41(c)-(d), 69.3(e)(11) and 69.605(c) of the Commission's Rules.

Insofar as the Pembina exchange is concerned, Applicants state that Polar and its affiliates are established, incumbent LECs already operating in adjacent exchange areas. Applicants further assert that Polar is geographically and operationally situated to operate this small exchange in a highly efficient manner as a natural extension of its existing operations, and that the Pembina exchange will become an integral part of the operations of an experienced "North Dakota" carrier. Accordingly, Applicants assert that the public convenience and necessity will be served by a grant of this application.

GENERAL INFORMATION

The transfer of control application identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments within 14 days** and **reply comments within 21 days** of this notice.[3] Unless otherwise notified by the Commission, an applicant is permitted to transfer control of the domestic lines or authorization to operate on the 31st day after the date of this notice. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an e-mail to ecfs@fcc.gov, and should include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Vistronix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this

[3] *See* 47 C.F.R. section 63.03(a).

location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

(1) the Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: (202) 863-2893.

(2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: twilson@fcc.gov, and

(3) Bill Dever, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C266, Washington, D.C. 20554; e-mail: wdever@fcc.gov; and

(4) Nandan Joshi, Office of General Counsel, 445 12th Street, S.W., Room 8-A820, Washington, D.C. 20554; e-mail: njoshi@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com.

For further information, please contact Tracey Wilson, at (202) 418-1394 or Bill Dever, Competition Policy, Wireline Competition Bureau at (202) 418-1578.

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