

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

In the Matter of)	
)	
HARGRAY COMMUNICATIONS)	
GROUP, INC., Transferor)	File No. ITC-T/C-2007-_____
and)	
)	WC Docket No. 07-_____
HARGRAY ACQUISITION CO., Transferee)	
)	
Consolidated Application for Consent to the)	
Transfer of Control of Entities Holding)	
Domestic and International)	
Section 214 Authorizations)	

CONSOLIDATED APPLICATION FOR CONSENT TO THE TRANSFER OF
CONTROL OF ENTITIES HOLDING DOMESTIC AND INTERNATIONAL
SECTION 214 AUTHORIZATIONS

Hargray Communications Group, Inc. (“Hargray” or “Transferor”) and Hargray Acquisition Co. (“HAC” or “Transferee”)(together, the “Applicants”), through their undersigned counsel and pursuant to Section 214 of the Communications Act of 1934, as amended (the “Act”), 47 U.S.C. § 214, and Sections 63.03, 63.04, and 63.24 of the Commission’s rules, 47 C.F.R. §§ 63.03, 63.04, and 63.24, hereby request authority for the transfer of control of entities holding domestic and international Section 214 authorizations, as identified in this Application, to HAC.

As described more fully below, HAC will acquire all of the outstanding stock of Hargray and its subsidiaries. Upon consummation of the transaction, HAC will own 100 percent of the outstanding equity in Hargray and its subsidiaries. At closing, HAC will become a wholly-owned subsidiary of Hargray Holdings LLC. an entity controlled by

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Quadrangle Capital Partners II LP and its parallel funds (collectively, “Quadrangle”),
private equity funds managed by affiliates of New York-based investment *firm*
Quadrangle Group LLC

Pursuant to Section 63.04(b) of the Commission’s rules, 47 C.F.R. § 63.04(b), Applicants are filing a combined application governing both the domestic and international Section 214 authorizations held by Hargray and its subsidiaries. In connection with the proposed transfer of control of certain Hargray subsidiaries holding Section 214 international authorizations, Applicants provide below the information required by Section 63.18 of the Commission’s rules, 47 C.F.R. § 63.18. In addition, the information required by Section 63.04(a)(6) through (a)(12) of the Commission’s rules, 47 C.F.R. § 63.04(a)(6)-(12), with respect to the transfer of control of the domestic interstate operations of certain subsidiaries of Hargray, which are conducted by virtue of blanket domestic authority under Section 214, is provided in Exhibit A.

Applicants respectfully request streamlined, expedited treatment of this Application pursuant to Sections 63.03 and 63.12 of the Commission’s rules, 47 C.F.R. §§ 63.03, 63.12. This Application is entitled to presumptive streamlined processing pursuant to Section 63.03(b)(2)(ii) of the Commission’s rules, 47 C.F.R. § 63.03(b)(2)(ii), because HAC’s affiliates do not provide telecommunications service in the geographic areas where Hargray, through its subsidiaries, provides dominant ILEC service. Hargray’s ILEC operations are limited to Hilton Head, Hardeeville, Jasper, and Bluffton, South Carolina. As a result of the transaction, HAC and its affiliates together will have market share in the interstate, interexchange market of substantially less than ten percent (10%), will provide competitive telephone exchange services or exchange access services

only in geographic areas served by a dominant local exchange carrier that is not a party to the transaction, and will serve far fewer than two percent (2%) of the nation's subscriber lines. This Application also qualifies for streamlined treatment under Section 63.12 because: (i) neither HAC nor any of its affiliates is affiliated with a dominant foreign carrier; (ii) as a result of the transaction, neither HAC nor any of its affiliates will become affiliated with any foreign carrier; and (iii) none of the other scenarios outlined in Section 63.12(c) apply.

I. THE APPLICANTS

A. Hargray Communications Group, Inc. (Transferor)

Hargray is a privately held telecommunications provider serving southeastern South Carolina and northeastern Georgia. Headquartered in Hilton Head Island, South Carolina, Hargray has been in operation since the 1940s and, through its subsidiaries and its affiliates: provides residential and small and medium-sized business customers with traditional telephone carrier services, as well as cable television, wireless telephone, data services and telephone directory publishing services. Voice services provided by Hargray's subsidiaries include local dial tone, long distance, and various calling features such as "911" and call waiting. Data services include high-speed Internet access, and other services such as virtual networking. Cable television services provided by Hargray subsidiaries in South Carolina and Georgia include basic, digital and high definition programming, as well as on-demand and parental control features. Hargray subsidiaries holding domestic and/or international authorizations under Section 214 of the Act include the following:

- Hargray, Inc. – Hargray, Inc., a direct, wholly-owned subsidiary of Hargray, is a competitive local exchange carrier ("CLEC") that provides local exchange, interexchange, video and high-speed data services throughout South Carolina.
- Hargray of Georgia, Inc. – Hargray of Georgia, a direct, wholly-owned subsidiary of Hargray, is a CLEC, which provides voice and data services to small and medium-sized businesses in northeastern Georgia.
- Hargray Telephone Company, Inc. – Hargray Telephone Company, Inc., an indirect, wholly-owned subsidiary of Hargray, is an incumbent local exchange carrier ("ILEC") providing local exchange, interexchange, and high-speed data services to over 47,000 residential and small business customers in Hilton Head, Hardeeville, and Jasper, South Carolina.
- Bluffton Telephone Company, Inc. – Bluffton Telephone Company, Inc., an indirect, wholly-owned subsidiary of Hargray, is an ILEC affiliate of Hargray providing local exchange, interexchange, and high-speed data services to over 23,000 residential and small business customers in Bluffton, South Carolina.
- Low Country Carriers, Inc. – Low Country Carriers, Inc. (d/b/a/ Hargray Long Distance Co.) is a direct, wholly-owned subsidiary of Hargray that provides interexchange telecommunications services throughout South Carolina and Georgia.

B. Hargray Acquisition Co. (Transferee)

HAC is a Delaware corporation organized for the purpose of acquiring Hargray.

Upon consummation of the transaction, HAC will become a wholly-owned subsidiary of Hargray Holdings LLC, an entity controlled by Quadrangle. Quadrangle are the private equity funds managed by affiliates of Quadrangle Group LLC ("Quadrangle Group"). Quadrangle Capital Partners II LP and its parallel funds are controlled by a common general partner, Quadrangle GP Investors II LP, the general partner of which is QCP GP Investors II LLC. The Managing Members of QCP GP Investors II LLC are Steven Rattner, Peter Ezersky, Gordon Holmes, Michael Huber, Jeffrey Nordhaus and Joshua Steiner.

Quadrangle Group is a private investment firm based in New York City with more than \$5 billion in assets under management. Quadrangle Group invests in media and communications companies through separate private and public investment strategies, and in the securities of financially troubled companies across all industries through a debt investment program. Quadrangle's investment strategies seek to maximize value by leveraging the investment teams' extensive experience, knowledge and industry relationships. Combined, Quadrangle Group's managing principals have over 100 years of experience investing in the telecommunications and media industries. Since its inception in 2000, Quadrangle Group's private equity funds have completed over 20 investments in the communications sector. A number of Quadrangle's investments have been in companies providing services to rural communities, including rural local exchange carriers, CLECs, cable operators, and wireless providers. Quadrangle's investments include the following:

- NTELOS Holdings Corp., a diversified telecommunications company serving customers primarily in Virginia and West Virginia;
- NuVox Communications, Inc., one of the largest regional CLECs in the United States;
- Cequel Communications Holdings LLC (operating under the name Suddenlink Communications), the eighth largest cable operator in the United States operating in 16 states, including North Carolina, Texas and West Virginia;
- Bresnan Broadband Holdings LLC, a cable service provider that operates in Colorado, Montana, Utah and Wyoming; and,
- US LEC Corp., a facilities-based CLEC operating throughout the eastern United States.

The above-listed companies have an excellent record of providing quality communications services at affordable rates and complying with the FCC's rules. The FCC also has reviewed and approved several of Quadrangle's investments in the communications sector.¹

II. Description of the Proposed Transaction (Answer to Question 13)

Pursuant to the transfer of control, HAC will acquire all of the outstanding stock of Hargray and its subsidiaries. As a result of the transaction, HAC will own 100 percent of the outstanding equity in Hargray and its subsidiaries. For this reason, the Applicants are seeking approval of the transfer of control of the Hargray subsidiaries holding Section 214 authorizations to HAC.² Upon consummation of the transaction, HAC will become a

¹ See Public Notice DA 05-1056, *Notice of Streamlined Domestic Section 214 Application Granted for Domestic Section 214 Application Filed for Transfer of Control from NTELOS, Inc. to Project Holdings Corporation*, (rel. April 18, 2005); Public Notice DA 04-1094, *Notice of Streamlined Domestic 214 Application Granted for Domestic Section 214 Application Filed for Transfer of Control of NewSouth Communications Corp., Nuvox, Inc. and Nuvox Communications, Inc.* DA 04-815 (rel. March 26, 2004).

² Because Hargray and its subsidiaries hold various wireless and satellite earth station licenses issued by the FCC, the Applicants are simultaneously seeking the Commission's approval for the transfer of

wholly-owned subsidiary of Hargray Acquisition LLC, an entity controlled by Quadrangle and established for purposes of the transaction. For the Commission's convenience, pre- and post-transaction organizational charts are attached hereto as Exhibit B.

Following the close of the transaction, Quadrangle will appoint G. Thomas Reed as CEO of Hargray. Mr. Reed is a longtime member of the Hilton Head and Low Country communities and is currently CEO of Morningstar Management Inc., a local investment banking advisory firm. In addition, Michael Gottdenker, Chairman and CEO of Access Spectrum, will be appointed Chairman of the Board and Mark Dickens and Bob Braden, both of Morningstar, also will join the senior management team. The rest of the senior management team will be primarily drawn from existing Hargray management. For the Commission's convenience, brief biographies of each new member of the proposed management team are attached hereto as Exhibit C.

111. The Proposed Transaction Furthers the Public Interest

Applicants respectfully submit that the transfer of control described herein serves the public interest. The proposed transaction will provide Hargray and its subsidiaries with access to HAC's substantial technical and managerial expertise, as well as its significant financial resources. These benefits *are* expected to strengthen Hargray's ability to expand its offerings and provide more advanced telecommunications services to a broader customer base. The transaction also will better position Hargray's subsidiaries to provide their customers with the high-quality services for which they are known. By strengthening the financial status of Hargray and its subsidiaries, the transaction also

control of the wireless and earth station licenses of Hargray and its subsidiaries to HAC as part of this transaction.

should sustain and increase competition in the telecommunications markets in which they operate. As financially stable entities more able to compete, the post-transaction Hargray subsidiaries also will improve telecommunications infrastructure and economic opportunities for their customers and service areas as a whole.

HAC has the technical, managerial, and financial qualifications to acquire control of Hargray and its subsidiaries. As detailed above, HAC's investors have a well-established record of successful investment in the telecommunications and media industries. These investors' substantial media and communications expertise, superior track record of supporting the growth of long-term investments, and deep financial resources should enable Hargray and its subsidiaries to successfully compete. Hargray's new management team, moreover, has substantial experience in managing telecommunications carriers. When combined with the existing employees and managers of Hargray, this management team will build upon Hargray's successful track record of competition and innovation, enabling the company and its subsidiaries to maintain their commitment of excellence to employees and the communities they serve. The combination of HAC's investors and its senior management team is uniquely suited to meet the long term goals of the community and the company's employees.

Finally, the proposed transfer of control will be seamless to customers as HAC anticipates no major changes in rates, terms, or conditions of service. HAC also does not intend to change any Hargray subsidiary names or the manner in which they provide service, and in no event will the transaction result in the discontinuance, reduction, loss, or impairment of service to existing customers. The transfer of control of Hargray and its subsidiaries also will not result in a change of carrier for customers.

IV. Information Required by Section 63.24(e) of the Commission's Rules

Pursuant to Section 63.24(e) of the Commission's rules, Applicants submit the following information from Section 63.18(a)-(d) for the Transferor and the Transferee, and from Section 63.18(h)-(p) for the Transferee:

Section 63.18 (Transferor and Transferee)

(a) Name, address and telephone number of each Applicant:

Transferor:

Hargray Communications Group, Inc.
856 William Hilton Parkway
Building C
P.O. Box 5986
Hilton Head Island, SC 29938
Tel: 843-842-1721
Fax: 843-341-0944

Transferee:

Hargray Acquisition Co.
c/o Quadrangle Capital Partners II LP
375 Park Avenue
New York, NY 10152
Tel: (212) 418-1700
Fax: (212) 418-1701

(b) Jurisdiction of Organizations:

Transferor:

Hargray is a corporation organized under the laws of the State of South Carolina.

Transferee:

HAC is a corporation organized under the laws of the State of Delaware.

(c) Correspondence concerning this Application should be sent to:

Transferor:

James F. Rogers
Elizabeth R. Park
Latham & Watkins LLP
555 Eleventh Street, NW
Suite 1000
Washington, DC 20004-1304
Tel: 202-637-2200
Fax: 202-637-2201

with a copy to:

Robert Labonte
Vice President and Chief Operating Officer
Hargray Communications Group, Inc.
856 William Hilton Parkway
Building C
P.O. Box 5986
Hilton Head Island, SC 29938
Tel: 843-842-1721
Fax: 843-341-0944

Transferee:

Ivan A. Schlager
John M. Beahn
Malcolm J. Tuesley
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Ave
Washington D.C. 20005
Tel: 202-371-7000
Fax: 202-661-9192

with a copy to:

Michael Huber
Managing Member
Quadrangle Capital Partners II LP
375 Park Avenue
New York, NY 10152
Tel: (212) 418-1700
Fax: (212) 418-1701

(d) Existing Section **214** Authority:

Transferor:

Hargray itself does not hold *any* domestic or international Section 214 authorizations. However, Hargray, Inc. (File No. ITC-214-20010815-00430), Hargray of Georgia, Inc. (File No. ITC-214-20011022-00534), and Low Country Carriers, Inc. (File No. ITC-89-043), wholly-owned subsidiaries of Hargray, hold authorizations to provide global or limited global resale service, in addition to blanket domestic Section 214 authority. Hargray Telephone Company, Inc. and Bluffton Telephone Company, Inc. also hold blanket domestic Section 214 authority.

Section **63.18** (Transferee)

(h) Name, Address, Citizenship and Principal Business of Owners with **10%** or Greater Direct or Indirect Ownership Interest:

The following entities will hold a 10% or greater direct ownership interest:

Quadrangle Capital Partners II LP and its parallel funds (98%), limited partnerships organized under the laws of the state of Delaware, which are principally engaged in the business of private equity investing. Quadrangle can be contacted at the following address:

Quadrangle Capital Partners II LP
375 Park Avenue
New York, NY 10152

The following entities will hold an indirect interest in Hargray:

Quadrangle Capital Partners II LP and its parallel funds are controlled by a common general partner, Quadrangle GP Investors II LP, the general partner of which is QCP GP Investors II LLC. The Managing Members of QCP GP Investors II LLC are

Steven Rattner, Peter Ezersky, Gordon Holmes, Michael Huber, Jeffrey Nordhaus and Joshua Steiner.

Neither Quadrangle nor any of its subsidiaries will have any interlocking officers or directors with foreign carriers,

(i) Foreign Carrier Certification:

HAC certifies that it is not now, nor will it be upon consummation of the proposed transaction, a foreign carrier within the meaning of Section 63.09(d) of the Commission's rules. HAC further certifies that it is not now, nor will it be upon consummation of the proposed transaction, directly affiliated, within the meaning of Section 63.09 of the Commission's rules, with any foreign carriers.

(j) Destination Country Certification:

HAC does not seek to provide international telecommunications services to any destination country in which: (i) HAC is a foreign carrier in that country; (ii) HAC controls a foreign carrier in that country; or (iii) any entity that owns more than **25** percent of HAC, or that controls HAC, controls a foreign carrier in that country. HAC also hereby certifies that it does not **seek** to provide international telecommunications services to any destination country in which two or more foreign carriers (or parties that control foreign carriers) own, in the aggregate, more than **25** percent of HAC and are parties to, or the beneficiaries of, a contractual relation affecting the provision of marketing of international basic telecommunications services in the United States.

(k)-(m) Not applicable because HAC is not a foreign carrier and is not affiliated with a foreign carrier.

(n) Special Concessions from Foreign Carriers:

Applicants certify that they have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any United States international route where the foreign carrier possesses market power on the foreign end *of* the route and *will* not enter into such agreements in the future.

(o) Certification Regarding Section 5301 of Anti-Drug Abuse Act of 1988:

Applicants certify pursuant to Sections 1.2001 through 1.2003 of the Commission's rules, 47 C.F.R. §§ 1.2001 - 1.2003, that no party to the Application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

(p) Streamlined Processing:

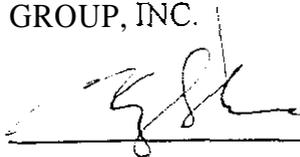
This international Section 214 Application qualifies for streamlined processing pursuant to Section 63.12 of the Commission's rules because: (i) neither HAC nor any of its subsidiaries is affiliated with a dominant foreign carrier; (ii) as a result of the transaction, neither HAC nor any of its subsidiaries will become affiliated with any foreign carrier; and (iii) none of the other scenarios outlined in Section 63.12(c) apply.

V. Conclusion

Based on the foregoing, Commission approval of the transfer of control set forth in *this Application* will serve *the public interest*, convenience, and necessity. Accordingly, Applicants respectfully request that the Commission grant this Application as expeditiously as possible through its streamlined processing procedures.

Respectfully submitted,

HARGRAY COMMUNICATIONS
GROUP, INC.

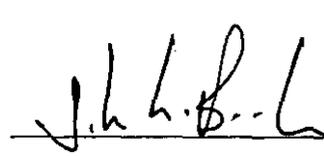


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555 Eleventh Street, NW
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*Counsel for Hargray Communications
Group, Inc.*

Dated: April 10, 2007

HARGRAY ACQUISITION CO.



Ivan A. Schlager
John M. Beahn
Malcolm J. Tuesley
Skadden, Arps, Slate, Meagher &
Flom LLP
1440 New York Ave., N.W.
Washington, D.C. 20005
Tel: (202) 371-7000
Fax: (202) 661-9192

Counsel for Hargray Acquisition Co.

EXHIBITS

- Exhibit A* - Domestic Section **214** Authorizations
- Exhibit B Corporate Organizational Charts
- Exhibit C New Management Team

EXHIBIT A

Additional Information Required by Section 63.04 of the Commission's Rules

Pursuant to Section 63.04 of the Commission's rules, 47 C.F.R. § 63.04, Applicants also request authority to transfer control of the Hargray subsidiaries holding domestic Section 214 authorizations to HAC. Applicants provide the following information in support of this request:

64.04(a)(6): Description of the Transaction

The proposed transaction is described above in Section II.

63.04(a)(7): Description of Geographic Service Area and Services in Each Area

Through various subsidiaries, Hargray provides facilities-based and resold local and long distance telecommunications services in South Carolina and Georgia.

63.04(a)(8): Presumption of Non-Dominance and Qualification for Streamlining

This Application is entitled to presumptive streamlined processing pursuant to Section 63.03(b)(2)(ii) of the Commission's rules because: (i) upon completion of the transaction, HAC will continue to have less than ten percent (10%) market share in the interstate, interexchange market; (ii) upon completion of the transaction, HAC and its affiliates will provide competitive local exchange service only in areas served by dominant local exchange carriers that are not a party to the transaction, and (iii) neither

HAC nor its affiliates provide telecommunications service in the geographic areas where Hargray, through its subsidiaries, provides dominant ILEC services.

63.04(a)(9): Other Pending Commission Applications Concerning the Proposed Transaction

Concurrent with this Application, Applicants have filed the following transfer of control applications on the FCC's Universal Licensing System ("ULS"):

Hargray Communications Group, Inc. (ULS File No. 0002981509)
Hargray Wireless, LLC (ULS File No. 0002983930)
Hargray CATV Co., Inc. (ULS File No. 0002983985)
Hargray Telephone Company, Inc. (ULS File No. 0002983660)
Bluffton Telephone Company, Inc. (ULS File No: 0002983874)

Applicants also have filed an application for the transfer of control of the following satellite earth station licenses on the FCC's International Bureau Filing System:

Hargray CATV Co., Inc. (E953056, E950353, E950354, E950355)

63.04(a)(10): Special Consideration

None

63.04(a)(11): Waiver Requests (if any)

None.

63.04(a)(12): Public Interest Statement

The proposed transaction will serve the public interest, convenience, and necessity for the reasons detailed in Section III of the Application

Hargray Communications Group, Inc. subsidiaries providing domestic telecommunications services include the following:

COMPANY	STATE OF INCORPORATION
Hargray, Inc.	South Carolina
Hargray of Georgia, Inc.	South Carolina
Hargray Telephone Company, Inc.	South Carolina
Bluffton Telephone Company, Inc.	South Carolina
Low Country Carriers, Inc.	South Carolina

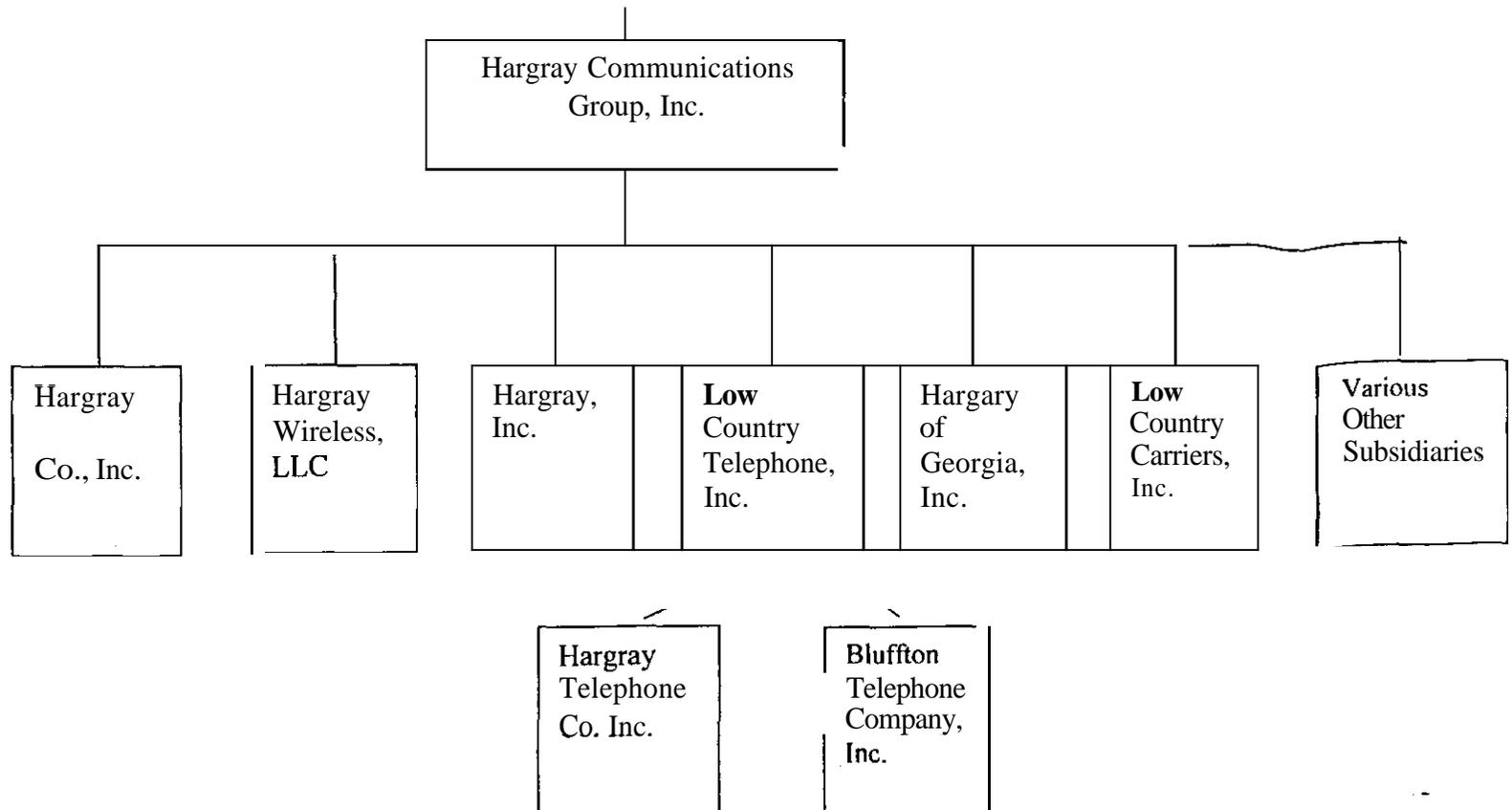
EXHIBIT B

CORPORATE ORGANIZATIONAL CHARTS

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PRE-TRANSACTION STRUCTURE

Existing Hargray Shareholders



POST-TRANSACTION STRUCTURE

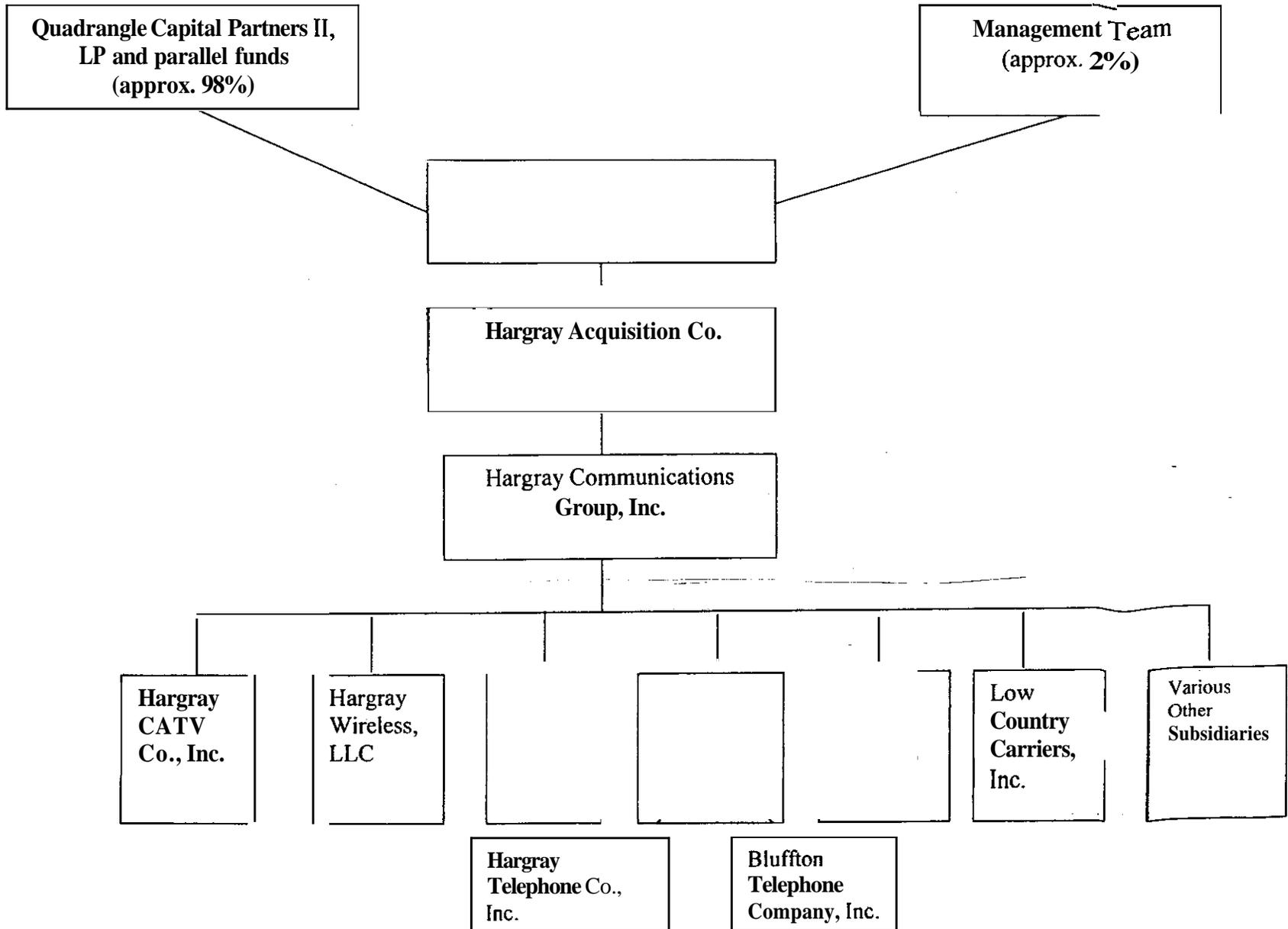


EXHIBIT C

NEW MANAGEMENT TEAM

Michael Gottdenker (Chairman)

Mr. Gottdenker currently serves as the Chairman and Chief Executive Officer of Access Spectrum, LLC, a Quadrangle portfolio company which holds spectrum licenses covering two-thirds of the U.S. Michael has extensive experience in the telecommunications sector, including his tenure as the President and CEO of Commonwealth Telephone Enterprises, Inc., a publicly-traded provider of local telephone service in portions of rural Pennsylvania. At Commonwealth, he oversaw the launch of “edge-out” CLEC strategy, while growing the company’s core local exchange business. Prior to Commonwealth, Michael worked with the finance division at Revlon.

Tom Reed (Chief Executive Officer)

Mr. Reed currently holds the position of President, Mergers and Acquisitions at Morningstar Management. Prior to his current role, he served as President at Ethika Corporation, a publicly-traded technology company. He also has served as the Chief Operating Officer at CompuData Services and held the position of Director of Product Management and Commercial Services at Keystone Financial.

Bob Braden (President)

Mr. Braden has over 20 years of executive operations experience in the telecommunications industry. Prior to joining Morningstar, he served as the Executive Vice President at Citizens Communications/Frontier Telephone Company. At Citizens, he managed the merger of Frontier and GTE properties with Citizens’ local exchange companies, a transaction that more than doubled the size of the company. His responsibilities covered 2.5 million access lines in 23 states with approximately \$2.1 billion in revenue. Prior to Citizens, Bob served as the CEO of Electric Lightwave – a CLEC headquartered in Vancouver, WA, where he led the turnaround of company to become cash flow positive within two years. Bob also has served as the Senior V.P. of Business Development and Senior V.P. of International Operations at Centennial Communications.

Mark Dickens (Finance)

Mr. Dickens currently serves as the President of Strategic Mergers and Senior Partner at Morningstar Management. Mark has served as the Vice President Finance at W.R. Grace, Europe, where he also served as the Business Development Director for their New York office. He has also worked with Sealed Air Corporation as Global Market Director.
