

WC 07-219

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

SEP 21 2007

In the Matter of )  
 )  
**Shareholders of Cannon Valley Communications, Inc.** )  
 Transferors )  
 )  
**Rural Communications Holding Corporation** )  
 Transferee )  
 )  
 For Transfer of Control of Cannon Valley Communications, Inc. and )  
 Its Subsidiary Cannon Valley Telecom, Inc, Which Provides Interstate )  
 Exchange Access Services in Minnesota Pursuant to a Domestic )  
 Blanket Authorization under Section 214 of the Communications Act )

TO: Chief, Wireline Competition Bureau

**APPLICATION FOR CONSENT TO TRANSFER OF CONTROL  
OF DOMESTIC BLANKET SECTION 214 AUTHORIZATIONS**

The Shareholders of Cannon Valley Communications, Inc. ("Transferors") and Rural Communications Holding Corporation ("RCHC"; FRN: 0016920506) hereby request Commission authorization for the transfer of control of Cannon Valley Communications, Inc. ("Cannon Valley") and the blanket domestic Section 214 authorization held by its wholly-owned subsidiary Cannon Valley Telecom, Inc. ("CVT": FRN: 0004319026) from the current shareholders of Cannon Valley to RCHC.

Cannon Valley, a Minnesota corporation, controls the following four wholly-owned subsidiaries: (1) Cannon Valley Telecom, Inc. ("CVT"), which provides local exchange telephone services (including interstate exchange access) as an incumbent local exchange carrier ("ILEC") in the Bricelyn (Faribault County), Freeborn (Freeborn County), Frost (Faribault County) and Morrystown (Rice County) exchanges in rural south central Minnesota; (2) Cannon Valley Cellular, Inc. ("CVC"), which is an

authorized agent for ALLTEL wireless services and equipment in the Bricelyn, Freeborn, Frost, Morristown and Warsaw, Minnesota areas; (3) Cannon Valley Cablevision, Inc. ("CVCV"), which provides cable television services in Bricelyn, Kiester, Frost, Morristown, Warsaw, Coates, Empire, Hampton, Marshan, Nininger, Randolph, Ravenna, Stanton and Vermillion, Minnesota; and (4) Cannon Valley Marketing, Inc. ("CVM"), which is a currently inactive Minnesota corporation that formerly provided telemarketing services.

RCHC, a Minnesota corporation, is a holding company that owns the following five incumbent local exchange carriers ("ILECs") that provide local exchange telephone services (including interstate exchange access) and resold interstate toll services in ten rural local exchanges in southern Minnesota and northern Iowa: (1) Blue Earth Valley Telephone Company; (2) Easton Telephone Company; (3) Eckles Telephone Company; (4) Shell Rock Telephone Company; and (5) Minnesota Lake Telephone Company<sup>1</sup>.

Cannon Valley presently has issued and outstanding 102,000 shares of Class A Voting common stock and 10,098,000 shares of Class B Non-Voting common stock. It is controlled by Scott W. Johnson and Loretta A. Johnson, United States citizens, who are husband and wife and who are the trustees of the following two Minnesota trusts: (1) the Loretta A. Johnson Revocable Trust U/A/D 12/22/05, which owns 49.02 percent of Cannon Valley's Class A stock and 43.77 percent of Cannon Valley's Class B stock; and (2) the Scott W. Johnson Revocable Trust U/A/D 12/22/05, which also owns 49.02 percent of Cannon Valley's Class A stock and 43.77 percent of Cannon Valley's Class B stock. None of Cannon Valley's two other Class A stockholders or four other Class B stockholders hold a 10.0 percent or greater equity interest in Cannon Valley.

The proposed transaction will be accomplished by the merger of Cannon Valley Acquisition Corp. ("CVAC"), a newly-formed Minnesota corporation owned 100 percent by RCHC, with and into Cannon Valley, with Cannon Valley continuing as the surviving corporation. The pre-merger shares and rights of Cannon Valley will be cancelled and extinguished, subject to various provisions for the payment of the merger consideration to consenting shareholders and dissenting shareholders. At the completion of the various merger procedures, all of the issued and outstanding common stock of Cannon Valley will be owned by RCHC, and Cannon Valley will be a 100 percent-owned subsidiary of RCHC. Control of Cannon Valley will give RCHC control of the blanket domestic Section 214 authorizations held by Cannon Valley's CVT subsidiary.

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 Cannon Valley Communications, Inc.  
202 North First Street (P.O. Box 337)  
Bricelyn, Minnesota 56014  
Telephone: (507) 653-4444  
Facsimile: (507) 653-4449

**Transferee:**

Rural Communications Holding Corporation  
123 West 7<sup>th</sup> Street  
Blue Earth, Minnesota 56013  
Telephone: (507) 526-3252  
Facsimile: (507) 526-4597

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<sup>1</sup> Minnesota Lake Telephone Company is a subsidiary of Blue Earth Valley Telephone Company.

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

Cannon Valley is a corporation organized under the laws of the State of Minnesota.

Cannon Valley's subsidiaries – CVT, CVC, CVCV and CVM – are all corporations organized under the laws of the State of Minnesota.

CVAC is a corporation organized under the laws of the State of Minnesota.

RCHC 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:**

Scott Johnson, President  
Cannon Valley Communications, Inc.  
202 North First Street (P.O. Box 337)  
Bricelyn, Minnesota 56014  
Telephone: (507) 653-4444  
Facsimile: (507) 653-4449

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

**For Transferee:**

William V. Eckles, President  
Rural Communications Holding Corporation  
123 West 7<sup>th</sup> Street  
Blue Earth, Minnesota 56013  
Telephone: (507) 526-3252  
Facsimile: (507) 526-4597

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:**

**Cannon Valley Telecom, Inc. –**

**Both Prior and Subsequent to Proposed Transaction:**

The name, address, citizenship and principal business of the only entity that will own at least ten (10) percent of the equity of Cannon Valley Telecom, Inc. both prior to and subsequent to the proposed transaction is:

| <u>Name &amp; Address</u>  | <u>% Equity</u> | <u>Citizenship</u> | <u>Principal Business</u> |
|--|-----------------|--------------------|---------------------------|
| Cannon Valley Communications, Inc.<br>202 North First Street<br>Bricelyn, MN 56014 | 100.00%         | MN<br>Corp.        | Telecommunications        |

**Cannon Valley Communications, Inc. - Prior to Proposed Transaction:**

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of the equity of Cannon Valley Communications, Inc. prior to the proposed transaction are:

| <u>Name &amp; Address</u>   | <u>% Equity</u>                       | <u>Citizenship</u> | <u>Principal Business</u> |
|---|---------------------------------------|--------------------|---------------------------|
| Loretta A Johnson Revocable Trust<br>U/A/D 12/22/05<br>(Loretta A. Johnson and<br>Scott W. Johnson, Trustees)<br>202 North First Street<br>Bricelyn, MN 56014 | 49.02%<br>Class A<br>Voting Stock     | MN<br>Trust        | Investments               |
| Scott W. Johnson Revocable Trust<br>U/A/D 12/22/05<br>(Loretta A. Johnson and<br>Scott W. Johnson, Trustees)<br>202 North First Street<br>Bricelyn, MN 56014  | 43.77%<br>Class B<br>Non-voting Stock | MN<br>Trust        | Investments               |

All of the trustees and beneficiaries of both trusts are United States citizens. The trustees Scott W. Johnson and Loretta A. Johnson are husband and wife.

No other individual or entity directly or indirectly owns at least ten (10) percent of the equity of Cannon Valley prior to the proposed transaction.

**Cannon Valley Communications, Inc. - After Proposed Transaction:**

The name, address, citizenship and principal business of the only entity that will own at least ten (10) percent of the equity of Cannon Valley Communications, Inc. after the proposed transaction is:

| <b><u>Name &amp; Address</u></b>  | <b><u>%<br/>Equity</u></b> | <b><u>Citizenship</u></b> | <b><u>Principal Business</u></b> |
|---|----------------------------|---------------------------|----------------------------------|
| Rural Communications Holding Corporation<br>123 West 7 <sup>th</sup> Street<br>Blue Earth, MN 56013 | 100.00%                    | MN<br>Corp.               | Telecommunications               |

**Rural Communications Holding Corporation**

The name, address, citizenship and principal business of the only entity that will own at least ten (10) percent of the equity of RCHC both before and after the proposed transaction is:

| <b><u>Name &amp; Address</u></b>  | <b><u>%<br/>Equity</u></b> | <b><u>Citizenship</u></b> | <b><u>Principal Business</u></b> |
|---|----------------------------|---------------------------|----------------------------------|
| Blue Earth Valley Communications, Inc.<br>123 West 7 <sup>th</sup> Street<br>Blue Earth, MN 56013 | 100.00%                    | MN<br>Corp.               | Telecommunications               |

**Blue Earth Valley Communications, Inc.**

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of the equity of Blue Earth Valley Communications, Inc. ("BEVCI") both before and after the proposed transaction are:

| <b><u>Name &amp; Address</u></b>   | <b><u>%<br/>Equity</u></b> | <b><u>Citizenship</u></b> | <b><u>Principal Business</u></b> |
|--|----------------------------|---------------------------|----------------------------------|
| Neil and Sue Eckles<br>123 West 7 <sup>th</sup> Street<br>Blue Earth, MN 56013 | 22.41%                     | U.S.A.                    | Telecommunications               |
| Gail Eckles<br>123 West 7 <sup>th</sup> Street<br>Blue Earth, MN 56013         | 24.66%                     | U.S.A.                    | Telecommunications               |
| William V. Eckles<br>123 West 7 <sup>th</sup> Street<br>Blue Earth, MN 56013   | 19.84%                     | U.S.A.                    | Telecommunications               |

**Blue Earth Valley Communications, Inc. (cont'd)**

| <u>Name &amp; Address</u>  | <u>% Equity</u> | <u>Citizenship</u> | <u>Principal Business</u> |
|--|-----------------|--------------------|---------------------------|
| Eckles Dynasty Trust #1<br>123 West 7 <sup>th</sup> Street<br>Blue Earth, MN 56013 | 16.55%          | MN<br>Trust        | Investments               |

The trustee of the Eckles Dynasty Trust #1 is William V. Eckles, and the beneficiaries are William V. Eckles and his issue. The trustee and beneficiaries are all United States citizens.

|  |        |             |             |
|--|--------|-------------|-------------|
| Eckles Dynasty Trust #2<br>123 West 7 <sup>th</sup> Street<br>Blue Earth, MN 56013 | 16.55% | MN<br>Trust | Investments |
|--|--------|-------------|-------------|

The trustee of the Eckles Dynasty Trust #2 is William V. Eckles, and the beneficiaries are William V. Eckles and his issue. The trustee and beneficiaries are all United States citizens.

No other individual or entity will directly or indirectly own at least ten (10) percent of the equity of Cannon Valley or RCHC or Blue Earth Valley 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.**

Cannon Valley, CVT, and RCHC 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 entails the transfer of control of Cannon Valley from its existing four Class A Voting stockholders and existing six Class B Non-voting stockholders to RCHC. The transaction will be accomplished by the merger of Cannon Valley Acquisition Corp. ("CVAC"), a newly-formed Minnesota corporation owned 100 percent by RCHC, with and into Cannon Valley, with Cannon Valley continuing as the surviving corporation. The pre-merger shares and rights of Cannon Valley will be cancelled and extinguished, subject to various provisions for the payment of the merger consideration to consenting shareholders and dissenting shareholders. When the various merger procedures are completed, all of the issued and outstanding common stock of Cannon Valley will be owned by RCHC. Control of Cannon Valley will give RCHC control of the blanket domestic Section 214 authorization held by Cannon Valley's subsidiary CVT.

**(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:**

A color-coded map showing the Minnesota local exchange service areas of CVT (yellow), RCHC's ILEC subsidiaries (pink) and BEVCI's Hector Communications Corporation ("Hector") affiliates (green) is attached. The local exchange service areas of RCHC's Iowa ILEC subsidiary (Shell Rock Telephone Company), and of Hector's Wisconsin and North Dakota subsidiaries, are not shown. The local exchange service areas of CVT's Bricelyn, Frost and Freeborn exchanges are adjacent to the service areas of the Blue Earth, Elmore, Wells and Easton exchanges of RCHC's current subsidiaries.

**Areas and Services of Cannon Valley and affiliates**

Cannon Valley is a holding company that presently provides no telecommunications services directly.

Cannon Valley's wholly-owned subsidiary Cannon Valley Telecom, Inc. ("CVT") provides local exchange telephone services (including interstate exchange access) as an ILEC in the Bricelyn (Faribault County), Freeborn (Freeborn County), Frost (Faribault County) and Morristown (Rice County) exchanges in rural south central Minnesota. The CVT exchanges serve approximately 1,982 access lines. CVT also provides custom calling and CLASS features, call blocking options and voice mail services. CVT also offers dial-up and high-speed digital subscriber line ("DSL") Internet access services and technical support.

Cannon Valley's wholly-owned subsidiary Cannon Valley Cellular, Inc. ("CVC") is an authorized agent for ALLTEL wireless services and equipment in the Bricelyn, Freeborn, Frost, Morristown and Warsaw, Minnesota areas.

Cannon Valley's wholly-owned subsidiary Cannon Valley Cablevision, Inc. ("CVCV") provides cable television services in Bricelyn, Kiester, Frost, Morristown, Warsaw, Coates, Empire, Hampton, Marshan, Nininger, Randolph, Ravenna, Stanton and Vermillion, Minnesota. CVCV also provides high-speed cable modem Internet access in Kiester, Minnesota, and in portions of Dakota County, Minnesota.

CVT holds a 50.00 percent membership interest in South Central Transport, LLC, a Minnesota limited liability company that provides telecommunications transport facilities and services in Minnesota.

Cannon Valley holds a 33.33 percent membership interest in Tri-Central Transport Group a Minnesota limited liability company that provides telecommunications transport facilities and services in Minnesota and other portions of the upper Midwest.

Cannon Valley holds a 5.00 percent membership interest in West Central Transport Group, a Minnesota limited liability company that provides high-capacity special access circuits in Minnesota, North Dakota and South Dakota.

CVC holds a 25.00 percent limited partnership interest in LCDW Wireless Limited Partnership, a Minnesota limited partnership that holds the A-Block cellular license for the Minnesota 10 Rural Service Area (Le Sueur, MN).

Cannon Valley and its subsidiaries have no other ownership interests in any other entities that offer domestic telecommunications services.

### **Areas and Services of RCHC and Affiliates**

RCHC owns 100 percent of the following four rural ILECs: (1) Blue Earth Valley Telephone Company, a Minnesota corporation, which serves the Blue Earth, Elmore, Guckeen, Huntley, Wells and Winnebago exchanges in south central Minnesota; (2) Easton Telephone Company, a Minnesota corporation, which serves the Easton exchange in south central Minnesota; (3) Eckles Telephone Company, a Minnesota corporation, which serves the New Prague exchange in eastern Minnesota; (4) Shell Rock Telephone Company, an Iowa corporation, which serves the Shell Rock exchange in northern Iowa. In addition, Blue Earth Valley Telephone Company owns 100 percent of Minnesota Lake Telephone Company, a Minnesota corporation, which serves the Minnesota Lake exchange in south central Minnesota. In the aggregate, RCHC's five direct and indirect ILEC subsidiaries provide local exchange telephone service (including interstate exchange access) to approximately 13,500 access lines.

RCHC subsidiaries and affiliates provide resold interstate, intrastate and international toll services; dial-up and high-speed Internet access services; computer networking services; alarm and surveillance services; business telephone systems; and telephone answering services to residents and businesses in and around the ten exchanges. RCHC subsidiaries serve as agents for ALLTEL wireless services in the Blue Earth, Wells, Minnesota Lake and New Prague exchange areas, and are providing digital cable television services in the New Prague and Minnesota Lake exchange areas.

BEVCI and its subsidiaries hold an aggregated 4.2 percent ownership interest in Onvoy, Inc., a Minnesota corporation, which provides telecommunications, data and video services and transport throughout Minnesota.

BEVCI holds a 5.00 percent membership interest in West Central Transport Group, a Minnesota limited liability company that provides high-capacity special access circuits in Minnesota, North Dakota and South Dakota.

BEVCI holds a 50.00 percent membership interest in South Central Transport, LLC, a Minnesota limited liability company that provides telecommunications transport facilities and services in Minnesota.

BEVCI holds a 33.33 percent membership interest in Tri-Central Transport Group a Minnesota limited liability company that provides telecommunications transport facilities and services in Minnesota and other portions of the upper Midwest.

BEVCI and its subsidiaries hold an aggregated 11.70 percent ownership interest in Broadband Visions, LLC, a Minnesota limited liability corporation that delivers digital television signals to video program distributors from a headend located in Hutchinson, Minnesota.

BEVCI holds a 33.33 percent ownership interest in Hector Communications Corporation, a holding company which provides telecommunications services through various subsidiaries in rural portions of Minnesota, Wisconsin and North Dakota. Hector owns the following nine ILECs that provide local exchange services to 28 rural exchanges in Minnesota, Wisconsin and North Dakota: (1) Arrowhead Communications Corp. ("Arrowhead"); (2) Eagle Valley Telephone Company ("Eagle Valley"); (3) Felton Telephone Company ("Felton"); (4) Granada Telephone Company ("Granada"); (5) Hager Telecom, Inc. ("Hager"); (6) Indianhead Telephone Company ("Indianhead"); (7) Loretel Systems, Inc. ("Loretel"); (8) Pine Island Telephone Company ("Pine Island"); and (9) Sleepy Eye Telephone Company ("Sleepy Eye"). These ILEC subsidiaries also resell long distance toll services to approximately 15,700 Minnesota, Wisconsin and North Dakota customers. The ILEC subsidiaries and other Hector subsidiaries also provide cable television service, digital television service over broadband facilities, dial-up Internet access, and high-speed Internet access over digital subscriber lines (DSL). Hector itself provides dial-up and high-speed Internet access services to residents and businesses in the communities of Hector and Buffalo Lake in south central Minnesota.

Arrowhead, a Minnesota corporation, is a wholly-owned Hector subsidiary which provides local exchange services and long distance toll services in and around the communities of Bena and Cotton in northeastern Minnesota. Arrowhead also provides dial-up and high-speed Internet access services, and business telephone systems to Bena and Cotton area residents and businesses.

Eagle Valley, a Minnesota corporation, is a wholly-owned Hector subsidiary which provides local exchange services and long distance toll services in and around the community of Clarissa in central Minnesota. Eagle Valley also provides dial-up and high-speed Internet access services, and business telephone systems to Clarissa area residents and businesses.

Granada, a Minnesota corporation, is a wholly-owned Hector subsidiary which provides local exchange services and long distance toll services in and around the community of Granada in southwestern Minnesota. Granada also provides dial-up and high-speed Internet access services, and business telephone systems to Granada area residents and businesses.

Indianhead, a Wisconsin corporation, is a wholly-owned Hector subsidiary which provides local exchange services and long distance toll services in and around the communities of Exeland, Radisson and Weyerhaeuser in northwestern Wisconsin. Indianhead also provides dial-up and high-speed Internet access services to Exeland, Radisson and Weyerhaeuser area residents and businesses.

Pine Island, a Minnesota corporation, is owned by Hector (69.0 percent) and by Hector's wholly owned subsidiary Indianhead (31.0 percent). Pine Island provides local exchange services and long distance toll services in and around the communities of Pine Island and Oronoco in southeastern Minnesota. Pine Island also provides digital video services, dial-up and high-speed Internet access services, and business telephone systems to Pine Island and Oronoco area residents and businesses.

Alliance Telecommunications Corporation ("Alliance"), a Minnesota corporation, is a wholly-owned subsidiary of Hector that serves as an intermediate holding company which in turn owns Felton, Hager, Loretel and Sleepy Eye.

Felton, a Minnesota corporation, is a wholly-owned Alliance subsidiary which provides local exchange services and long distance toll services in and around the communities of Felton, Averill, Hitterdal and Borup in northwestern Minnesota. Felton also provides dial-up and high-speed Internet access services to Felton, Averill, Hitterdal and Borup area residents and businesses.

Hager, a Wisconsin corporation, is a wholly-owned Alliance subsidiary which provides local exchange services and long distance toll services in and around the communities of Hager City and Bay City in southwestern Wisconsin. Hager also provides dial-up and high-speed Internet access services to Hager City and Bay City area residents and businesses.

Loretel, a Minnesota corporation, is a wholly-owned Alliance subsidiary which provides local exchange services and long distance toll services in and around the communities of Ada, Audubon, Cormorant, Frazee, Glyndon, Hendrum/Perley, Lake Park and Pelican Rapids in northwestern Minnesota, including a few cross-border extensions into North Dakota. Loretel provides dial-up and high-speed Internet access services to Ada, Audubon, Cormorant, Frazee, Glyndon, Hendrum/Perley, Lake Park and Pelican Rapids area residents and businesses. Loretel serves as an agent for Unicell wireless phone packages and for Keypage paging services. Finally, Loretel provides cable television services in Ada, Cormorant, Glyndon, Hendrum, Pelican Rapids, Borup, Felton, Ulen, Hitterdal, Climax, Fisher, Halstad, Shelly, Fertile, Gary, Hawley, Mahnomen, Prairie Lake, Pelican Lake and Lake Ida in northwestern Minnesota.

Sleepy Eye, a Minnesota corporation, is a wholly-owned Alliance subsidiary which provides local exchange services and long distance toll services in and around the communities of Sleepy Eye, Hanska, Goodhue, Bellechester, White Rock and Mazeppa in south central and southeastern Minnesota. Sleepy Eye provides digital

video service, dial-up and high-speed Internet access services, and business telephone systems to Sleepy Eye, Hanska, Goodhue, Bellechester, White Rock and Mazeppa area residents and businesses. Finally, Sleepy Eye owns Hastad Engineering Company, a Minnesota corporation, which formerly provided engineering services (the business has been sold to Finley Engineering), and OU Connection, Inc., a Minnesota corporation, which has been authorized by the Minnesota Public Utilities Commission to provide competitive local exchange services but which has not commenced operations.

Mustang Communications Corporation (“Mustang”), a Minnesota corporation, is a wholly-owned subsidiary of Hector that holds an International Section 214 authorization for global resale of switched services (File No. ITC-214-20050713-00253, granted effective August 5, 2005) and that resells international call termination services throughout the Minnesota areas served by Hector’s ILEC subsidiaries.

Indianhead Communications Company (“Indianhead Communications”), a Wisconsin corporation, is a wholly-owned subsidiary of Hector that holds an International Section 214 authorization for global resale of switched services (File No. ITC-97-583, granted effective November 14, 1997) and that resells international call termination services throughout the Wisconsin areas served by Hector’s ILEC subsidiaries.

Cannon Communications Corporation (“CCC”), a Minnesota corporation, is a wholly-owned subsidiary of Alliance that provides dial-up and high-speed Internet access services in Red Wing, Minnesota, and nearby portions of western Wisconsin.

Loretel holds an 18.09 percent ownership interest in VAL-ED Joint Venture, LLP dba 702 Communications (“702 Communications”), a Minnesota limited liability partnership that provides competitive local exchange services, long distance toll services, Internet access and other data services in and around Morehead, Dilworth and Breckenridge, Minnesota; and Fargo, West Fargo and Wahpeton, North Dakota.

Granada holds a 5.0 percent ownership interest in West Central Transport Group (“WCTG”), which provides high-capacity special access circuits in Minnesota, North Dakota and South Dakota.

Loretel and Arrowhead Communications hold an aggregated 20.00 percent ownership interest in Northern Transport Group, LLC, a Minnesota limited liability corporation that provides high-capacity special access circuits in Minnesota.

Loretel holds a 5.26 percent ownership interest in Northwest Minnesota Special Access, LLC (“NMSA”), a Minnesota limited liability corporation which provides data and video services to schools and libraries in Minnesota.

Alliance holds a 17.00 percent ownership interest in Desktop Media, Inc., a Minnesota corporation that provides competitive local exchange services in southeastern Minnesota using a network employing Ethernet architecture.

Hector's ILEC subsidiaries hold an aggregated 8.49 percent ownership interest in Independent Pinnacle Services, LLC, a Minnesota limited liability corporation that provides directory services to over 150 telephone companies in fifteen states.

Hector and Alliance hold an aggregated 16.38 percent ownership interest in Broadband Visions, LLC, a Minnesota limited liability corporation that delivers digital television signals to video program distributors from a headend located in Hutchinson, Minnesota.

Indianhead and CCC hold an aggregated 6.45 percent ownership interest in Consolidated Management Group, Inc., a Wisconsin corporation that provides high-capacity special access circuits in Wisconsin.

RCHC and its subsidiaries and affiliates have no ownership interests in any other entities that offer 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:**

Because several CVT and RCHC exchanges are adjacent to each other, the Application does not fit within the presumptive streamlined categories in Section 63.03(b) of the Commission's Rules, and streamlined treatment is not requested.

However, while not claiming streamlined treatment, the parties note that the proposed transaction will not have an adverse impact upon the Commission's competition and antitrust policies. Both before and after completion of the proposed transaction, RCHC and its affiliated companies will have a market share of less than ten percent (10.0%) of the interstate, interexchange market. RCHC's ILEC subsidiaries and Cannon Valley's ILEC affiliate are incumbent independent local exchange carriers that have, in combination, far fewer than two percent (2.0%) of the nation's subscriber lines installed in the aggregate nationwide. Finally, RCHC will be taking control of the existing telephone exchange and exchange access services provided by CVT, and has no affiliated telecommunications carrier that provides competitive local exchange services or exchange access services within the Minnesota service areas of CVT, while CVT does not provide competitive local exchange services or exchange access services within the Minnesota, Iowa, Wisconsin or North Dakota service areas of the telecommunications carriers presently affiliated with RCHC.

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

The Applicants will file no other Commission applications related to the proposed 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.

**(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 transfer of control of Cannon Valley and its wholly-owned subsidiary CVT from Cannon Valley's existing shareholders to RCHC, an established rural telephone holding company that has long owned ILEC subsidiaries that serve similar rural communities in Minnesota and Iowa. RCHC and Cannon Valley both have 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 the rural Minnesota customers of CVT will continue to receive high-quality, state-of-the-art voice, data and video services at affordable rates for 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 the domestic blanket Section 214 authorizations held by Cannon Valley and its CVT subsidiary to RCHC.

Cannon Valley, CVT and RCHC 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,

**LORETTA A JOHNSON REVOCABLE  
TRUST U/A/D 12/22/05**

**RURAL COMMUNICATIONS  
HOLDING CORPORATION**

By: Loretta Johnson  
Loretta A. Johnson, Trustee

By: \_\_\_\_\_

Date: 9/20/07

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_  
Scott W. Johnson, Trustee

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SCOTT W. JOHNSON REVOCABLE  
TRUST U/A/D 12/22/05**

By: Loretta Johnson  
Loretta A. Johnson, Trustee

Date: 9/20/07

By: \_\_\_\_\_  
Scott W. Johnson, Trustee

Date: \_\_\_\_\_

**Conclusion**

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of the domestic blanket Section 214 authorizations held by Cannon Valley and its CVT subsidiary to RCHC.

Cannon Valley, CVT and RCHC 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,

**LORETTA A JOHNSON REVOCABLE  
TRUST U/A/D 12/22/05**

**RURAL COMMUNICATIONS  
HOLDING CORPORATION**

By: \_\_\_\_\_  
Loretta A. Johnson, Trustee

By: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

By: Scott W. Johnson  
Scott W. Johnson, Trustee

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: September 20, 2007

**SCOTT W. JOHNSON REVOCABLE  
TRUST U/A/D 12/22/05**

By: \_\_\_\_\_  
Loretta A. Johnson, Trustee

Date: \_\_\_\_\_

By: Scott W. Johnson  
Scott W. Johnson, Trustee

Date: September 20, 2007

**Conclusion**

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of the domestic blanket Section 214 authorizations held by Cannon Valley and its CVT subsidiary to RCHC.

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Respectfully submitted,

**LORETTA A JOHNSON REVOCABLE  
TRUST U/A/D 12/22/05**

**RURAL COMMUNICATIONS  
HOLDING CORPORATION**

By: \_\_\_\_\_  
Loretta A. Johnson, Trustee

By:  \_\_\_\_\_

Printed Name: Robert L. Hammond, Jr.

Date: \_\_\_\_\_

Title: Chief Operating Officer

By: \_\_\_\_\_  
Scott W. Johnson, Trustee

Date: September 20, 2007

Date: \_\_\_\_\_

**SCOTT W. JOHNSON REVOCABLE  
TRUST U/A/D 12/22/05**

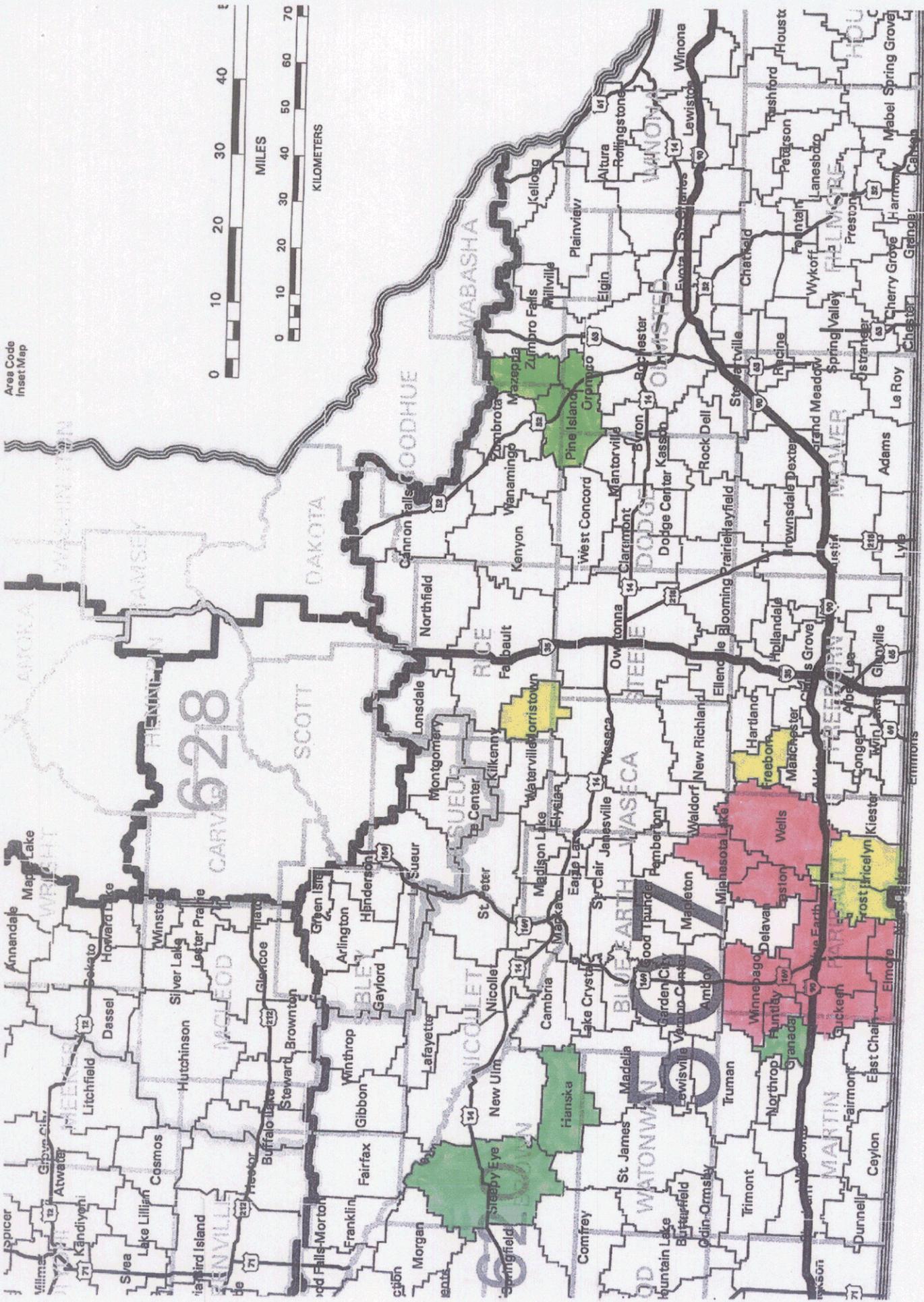
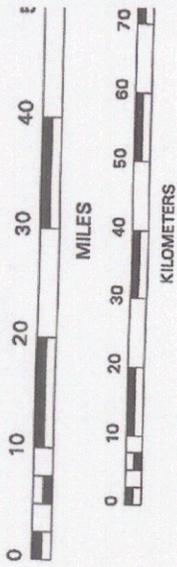
By: \_\_\_\_\_  
Loretta A. Johnson, Trustee

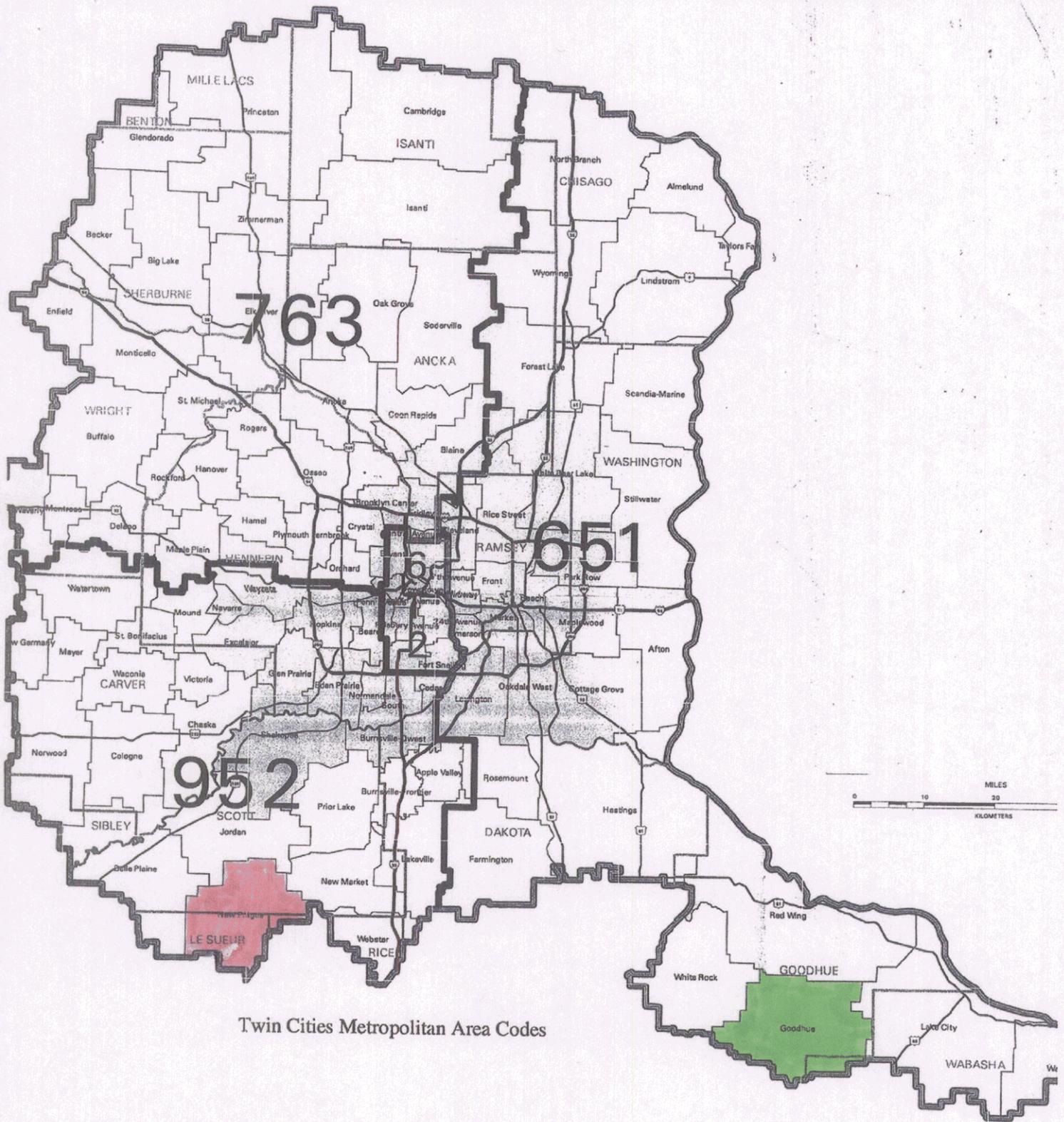
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Scott W. Johnson, Trustee

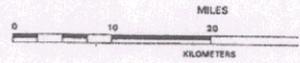
Date: \_\_\_\_\_

Area Code  
Inset Map





Twin Cities Metropolitan Area Codes



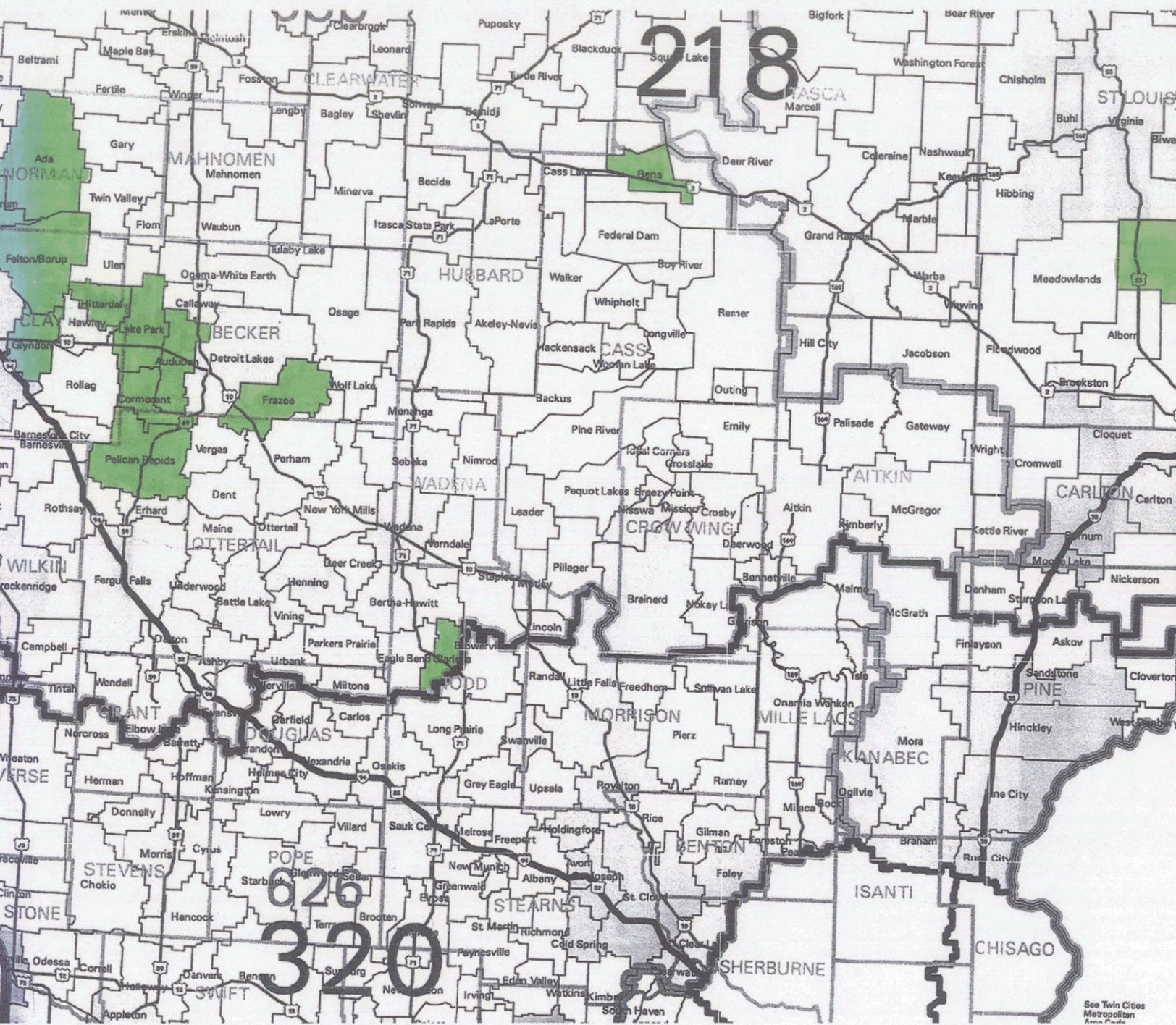
About this Map:

LATA (Local Access and Transport Area):

At the time of the Bell System breakup, Bell operating companies were restricted to operations in areas called LATAs. All toll calls between LATAs were carried by the former Bell company parent, AT&T.

Bell Operating Companies continue to be restricted to providing toll service within their specific LATAs. The Telecommunications Act of 1996 defines the terms that must be met before Qwest and Bell Operating Companies are permitted to provide toll service between LATAs. Non-Bell Operating Companies are not permitted to provide toll service between LATAs.

within which the local service provider has agreed to provide service provided by the Minnesota Public Utilities Commission.



See Twin Cities Metropolitan Area Page

|  |                                       |   |                               |
|--|---------------------------------------|---|-------------------------------|
| (1) LOCKBOX #<br><b>358145</b>   |                                       | SPECIAL USE ONLY  |                               |
| SECTION A - PAYER INFORMATION  |                                       |   |                               |
| (2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card)<br><b>Cannon Valley Telecom, Inc.</b>   |                                       | (3) TOTAL AMOUNT PAID (U.S. Dollars and cents)<br><b>\$965.00</b> |                               |
| (4) STREET ADDRESS LINE NO. 1<br><b>202 N. First Street</b>  |                                       |   |                               |
| (5) STREET ADDRESS LINE NO. 2<br><b>P.O. Box 337</b>   |                                       |   |                               |
| (6) CITY<br><b>Bricelyn</b>  |                                       | (7) STATE<br><b>MN</b>  | (8) ZIP CODE<br><b>56014</b>  |
| (9) DAYTIME TELEPHONE NUMBER (include area code)<br><b>(507) 653-4444</b>  |                                       | (10) COUNTRY CODE (if not in U.S.A.)                              |                               |
| FCC REGISTRATION NUMBER (FRN) REQUIRED   |                                       |   |                               |
| (11) PAYER (FRN)<br><b>0004319026</b>  |                                       |   |                               |
| IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)<br>COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET                                |                                       |   |                               |
| (13) APPLICANT NAME<br><b>Cannon Valley Communications, Inc.</b>   |                                       |   |                               |
| (14) STREET ADDRESS LINE NO. 1<br><b>202 N. First Street</b>   |                                       |   |                               |
| (15) STREET ADDRESS LINE NO. 2<br><b>P.O. Box 337</b>  |                                       |   |                               |
| (16) CITY<br><b>Bricelyn</b>   |                                       | (17) STATE<br><b>MN</b>   | (18) ZIP CODE<br><b>56014</b> |
| (19) DAYTIME TELEPHONE NUMBER (include area code)<br><b>(507) 653-4444</b>   |                                       | (20) COUNTRY CODE (if not in U.S.A.)                              |                               |
| FCC REGISTRATION NUMBER (FRN) REQUIRED   |                                       |   |                               |
| (21) APPLICANT (FRN)<br><b>0004319026</b>  |                                       |   |                               |
| COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET  |                                       |   |                               |
| (23A) CALL SIGN/OTHER ID   | (24A) PAYMENT TYPE CODE<br><b>CUT</b> | (25A) QUANTITY<br><b>1</b>  |                               |
| (26A) FEE DUE FOR (PTC)<br><b>\$965.00</b>   | (27A) TOTAL FEE<br><b>\$965.00</b>    |   |                               |
| (28A) FCC CODE 1   | (29A) FCC CODE 2                      |   |                               |
| (23B) CALL SIGN/OTHER ID   | (24B) PAYMENT TYPE CODE               | (25B) QUANTITY  |                               |
| (26B) FEE DUE FOR (PTC)  | (27B) TOTAL FEE                       |   |                               |
| (28B) FCC CODE 1   | (29B) FCC CODE 2                      |   |                               |
| SECTION D - CERTIFICATION  |                                       |   |                               |
| CERTIFICATION STATEMENT<br>I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. |                                       |   |                               |
| SIGNATURE _____  |                                       | DATE _____  |                               |
| SECTION E - CREDIT CARD PAYMENT INFORMATION  |                                       |   |                               |
| MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____  |                                       |   |                               |
| ACCOUNT NUMBER _____   |                                       | EXPIRATION DATE _____   |                               |
| I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.   |                                       |   |                               |
| SIGNATURE _____  |                                       | DATE _____  |                               |