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October 20, 2010

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, N.W.
Washington, DC 20554

Attn: Jodie May, Competition Policy Division
Wireline Competition Bureau

Re: Application for Domestic Section 214 Authority in connection with a
Merger of Piedmont Telephone Membership Corporation into Surry
Telephone Membership Corporation

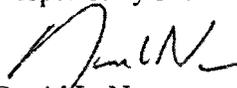
Dear Ms. Dortch:

Transmitted herewith is an application for authority pursuant to Section 214 of the Communications Act and Part 63 of the Commission's rules. The application requests authorization for a merger of Piedmont Telephone Membership Corporation, as a provider of local exchange and exchange access services, into Surry Telephone Membership Corporation. Applicants do not request processing of this application on a streamlined basis. A fee transmittal form, FCC Form 159, is submitted with the application showing payment of a filing fee of \$1,015.00.

Because the merger occurred on January 1, 2009, the applicants separately submit a Request for Special Temporary Authority by letter filed this date.

If any questions arise please communicate with this office.

Respectfully submitted,


David L. Nace

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE
FORM 159

Approved by OMB
3060-0589
Page No. 1 of 1

(1) LOCKBOX # 358150	SPECIAL USE ONLY
	FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Lukas, Nace, Gutierrez & Sachs, LLP		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$1,015.00
(4) STREET ADDRESS LINE NO. 1 8300 Greensboro Drive		
(5) STREET ADDRESS LINE NO. 2 Suite 1200		
(6) CITY McLean	(7) STATE VA	(8) ZIP CODE 22102-3663
(9) DAYTIME TELEPHONE NUMBER (include area code) 703-584-8678	(10) COUNTRY CODE (if not in U.S.A.) USA	

FCC REGISTRATION NUMBER (FRN) REQUIRED

(11) PAYER (FRN) 0003746385	(12) FCC USE ONLY
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IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)
COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(13) APPLICANT NAME Piedmont Telephone Membership Corporation		
(14) STREET ADDRESS LINE NO. 1 P.O. Box 385		
(15) STREET ADDRESS LINE NO. 2 819 East Atkins Street		
(16) CITY Dobson	(17) STATE NC	(18) ZIP CODE 27017-0385
(19) DAYTIME TELEPHONE NUMBER (include area code) 336-374-5021	(20) COUNTRY CODE (if not in U.S.A.) USA	

FCC REGISTRATION NUMBER (FRN) REQUIRED

(21) APPLICANT (FRN) 0004329280	(22) FCC USE ONLY
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COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID Section 214 Authorization	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1
(26A) FEE DUE FOR (PTC) \$1,015.00	(27A) TOTAL FEE \$1,015.00	FCC USE ONLY
(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	FCC USE ONLY
(28B) FCC CODE 1	(29B) FCC CODE 2	

SECTION D - CERTIFICATION

CERTIFICATION STATEMENT
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.

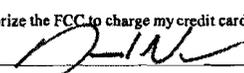
SIGNATURE _____ DATE _____

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 **10/19/2010**

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

In the Matter of)
)
PIEDMONT TELEPHONE MEMBERSHIP)
CORPORATION (FRN 0004329280))
) Docket No. _____
SURRY TELEPHONE MEMBERSHIP)
CORPORATION (FRN 0004615951))
)
Application for Domestic Section 214 Authorization)
in connection with a Merger of the Applicants)

APPLICATION FOR SECTION 214 AUTHORITY

Pursuant to Federal Communications Commission (“Commission”) rules, 47 C.F.R. Part 63, and Section 214 of the Communications Act, authorization is hereby requested for a transfer of control of Piedmont Telephone Membership Corporation (“Piedmont”) as the result of a merger of Piedmont in Surry Telephone Membership Corporation (“Surry”). At the time of the merger, on January 1, 2009, both Piedmont and Surry (jointly, the “Applicants”) were providers of local exchange and exchange access services in nearby but not adjacent areas of North Carolina. Applicants do not request processing of this application on a streamlined basis.

Summary of the Transaction:

The transfer of control of Piedmont occurred on January 1, 2009 upon a merger of Piedmont into Surry.¹ The merging companies were both member-owned cooperatives providing local exchange services in the State of North Carolina. Applicants regret that the need for prior Section 214 authorization by the Commission’s Wireline Competition Bureau was not recognized before the

¹ Surry is also filing with the Wireline Competition Bureau a request for Special Temporary Authority (“STA”) for a period of sixty (60) days pending action on this application for permanent Section 214 authority.

merger occurred.² Since the merger, Surry has continued to provide local exchange and exchange access services in the former Piedmont service area without interruption due to the transfer of control over Piedmont's facilities.

In accordance with Section 63.04(b) of the Commission's rules, the Applicants are providing information responsive to the pertinent rules in Part 63 that concern transfer of control applications. A filing fee of \$1,015.00 is being submitted with FCC Form 159 for this application.

Application for Transfer of Control of Domestic Section 214 Authorization:

With reference to domestic Section 214 authority, the following information is submitted as required by Section 63.04(a) of the rules:

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

Piedmont Telephone Membership Corporation
c/o Surry Telephone Membership Corporation
Attention: Curtis R. Taylor, CEO
PO Box 385
819 East Atkins Street
Dobson, NC 27017-0385
Telephone: 336-374-5021

Surry Telephone Membership Corporation
Attention: Curtis R. Taylor, CEO
PO Box 385
819 East Atkins Street
Dobson, NC 27017-0385

² The need for Commission Section 214 authorization for a transfer of control over Piedmont's long distance subsidiary, Piedmont Communications Services, Inc. ("PCS") was recognized by Surry early this year, and applications were filed with, and granted by, the Wireline Competition Bureau and International Bureau in Docket No. 10-35 and File No. ITC-T/C-20100128-00039, respectively. Very recently, in the context of another transaction involving a rural telephone company, Surry's counsel learned of the Wireline Competition Bureau's interpretation of the Communications Act that the provision of exchange access service by a small local exchange carrier renders the carrier subject to Section 214 of the Communications Act, even though the carrier has no interstate or international facilities and the carrier connects to other unaffiliated telecommunications carriers for the provision of such interstate and international services. *See*, Section 2(b)(2) of the Communications Act of 1934, as amended (47 USC §152(b)(2)). Accordingly, Surry is submitting this application for domestic Section 214 authority and a request for STA relating to the merger of Piedmont into Surry.

Telephone: 336-374-5021

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

Each applicant is a corporation organized under the laws of North Carolina. As indicated herein, Piedmont was merged into Surry as of January 1, 2009.

- (3) *The name, title, post office address, and telephone number of the officer or contact point, such as legal counsel, to whom correspondence concerning the application is to be addressed:*

For both applicants, please direct any correspondence or inquiries to federal telecommunications counsel for the companies:

David L. Nace
Lukas, Nace, Gutierrez, & Sachs, LLP
8300 Greensboro Drive, Suite 1200
McLean, VA 22102
(703) 584-8661
dnace@fcclaw.com

- (4) *The name, address, citizenship and principal business of any person or entity that directly or indirectly owns at least ten (10) percent of the equity of the applicant, and the percentage of equity owned by each of those entities (to the nearest one (1) percent):*

Surry is a member owned cooperative in which no owner holds as much as a one percent interest in the company. The principal business of Surry is the provision of local exchange service.

- (5) *Certification pursuant to §§1.2001 through 1.2003 of this chapter 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. See 21 USC §853.*

No party to this application is subject to a denial of Federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988.

- (6) *A description of the transaction:*

Piedmont was merged into Surry as of January 1, 2009. The merger resulted in Surry (i) becoming the owner and operator of all facilities previously owned by Piedmont, and (ii) Surry acquiring the stock of Piedmont's subsidiary, PCS.

- (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:

At the time of the merger, both Piedmont and PCS provided telecommunications services only in Davidson County, North Carolina. Piedmont was a local exchange carrier and its subsidiary, PCS, operated as a reseller of long distance services, both domestic and international. Piedmont and PCS served the same area of Davidson County. They had no other affiliates that provided telecommunications services. Both Piedmont and PCS were corporations organized under the laws of North Carolina.

Surry is a local exchange carrier that operates in Surry and Stokes Counties of North Carolina. As the result of the merger of Piedmont into Surry, Surry now also provides local exchange service in Davidson County, North Carolina. Surry had a subsidiary named Surry Telecommunications, Inc. ("STI") that operated as a reseller of long distance services in Surry and Stokes Counties until STI was merged into PCS as of July 1, 2009. PCS now operates as a telecommunications reseller in Davidson, Surry and Stokes Counties in the same portions of those counties as are provided local exchange service by Surry. Both Surry and STI were organized in North Carolina as corporations. Other than PCS, Surry has no affiliates at this time that provide telecommunications services.

- (8) *A statement as to how the application fits into one or more of the presumptive streamlined categories in this section or why it is otherwise appropriate for streamlined treatment:*

Not applicable. The applicants do not request streamlined treatment of this application.

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

As referenced in footnote 1 of this application, STA is requested by letter to allow a continuation of services by Surry for a period of sixty (60) days while this application is processed by the Commission. Section 214 authorizations were granted by the Wireline Competition Bureau and International Bureau in Docket No. 10-35 and File No. ITC-T/C-20100128-00039, respectively, for a transfer of control over Piedmont's long distance subsidiary, PCS, as a result of the same merger.

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

Not applicable

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

None

(12) A 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 Board of Directors of Piedmont concluded that Piedmont was not of a size to operate effectively and efficiently in the current telecommunications environment. As background, notice had been received that equipment used by Piedmont to provide landline and Internet access services would not be supported by the manufacturer for more than three more years. Financial considerations did not appear favorable for Piedmont to borrow sufficient funds to replace the equipment. About the same time, Surry was planning an upgrade to its network with equipment that would be suitable for providing service to both Surry and Piedmont customers. To maintain a high quality of service a merger of the two companies was recommended by the Board of Directors of each company and approved by the member owners.

Since the transaction occurred Surry has provided the same high quality telecommunications services as were offered previously by Piedmont. The transaction has not harmed the public interest or impaired competition in any local exchange area. Indeed, the merger has advanced the public interest by providing necessary financial resources for a continuation of telecommunications services to Piedmont's customers. Surry currently competes with several wireless carriers in the offering of telecommunications services in the three North Carolina counties where it now provides telephone service: Surry, Stokes and Davidson.

Surry did not engage in the merger to expand its territory, but rather to keep a neighboring telephone cooperative that was in financial trouble from going under. This merger of telephone cooperatives was the first of its kind in North Carolina and management involved with the process became occupied at the time with financial, operational and member notice issues relating to the merger. Those involved were working without the benefit of existing guidelines. No state regulatory approval of the telephone cooperative merger was required. Surry understands now that FCC Section 214 approvals should have been requested in a timely manner and its management will be attentive to this important matter should similar circumstances arise again.

Conclusion:

As shown by this application, Surry is qualified to acquire control of the facilities and operations of Piedmont. Surry possesses the requisite financial, managerial and technical resources to own and operate the Piedmont facilities. Accordingly, grant of the instant application would be consistent with public interest considerations.

[signature page follows]

Respectfully submitted,

SURRY TELEPHONE MEMBERSHIP CORPORATION
(for itself and for PIEDMONT TELEPHONE MEMBERSHIP
CORPORATION after a merger of the companies)

By: 

Name: Curtis R. Taylor

Title: C. E. O.

Date: 10-15-2010