

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

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FEDERAL COMMUNICATIONS COMMISSION
ACCEPTED/FILED
REMITTANCE ADVICE

Approved by OMB
3060-0589
Page 1 of 1

(1) LOCKBOX # 979091	MAR - 7 2013	SPECIAL USE ONLY
Federal Communications Commission		FCC USE ONLY

SECTION A - PAYEE INFORMATION

(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Arvig Enterprises, Inc.	(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$1,050.00
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(4) STREET ADDRESS LINE NO. 1 150 2nd Street, S.W.

(5) STREET ADDRESS LINE NO. 2

(6) CITY Perham	(7) STATE MN	(8) ZIP CODE 56573
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(9) DAYTIME TELEPHONE NUMBER (include area code) (218) 346-8498	(10) COUNTRY CODE (if not in U.S.A.)
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FCC REGISTRATION NUMBER (FRN) REQUIRED

(11) PAYER (FRN) 0008393118	(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 Hector Communications Corporation
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(14) STREET ADDRESS LINE NO. 1 27 North Minnesota
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(15) STREET ADDRESS LINE NO. 2 P.O. Box 697
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(16) CITY New Ulm	(17) STATE MN	(18) ZIP CODE 56073
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(19) DAYTIME TELEPHONE NUMBER (include area code) (507) 354-4111	(20) COUNTRY CODE (if not in U.S.A.)
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FCC REGISTRATION NUMBER (FRN) REQUIRED

(21) APPLICANT (FRN) 0007502685	(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	(24A) PAYMENT TYPE CODE CDT	(25A) QUANTITY 1
(26A) FEE DUE FOR (PTC) 1,050.00	(27A) TOTAL FEE 1,050.00	FCC USE ONLY

(28A) FCC CODE 1	(29A) FCC CODE 2
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(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
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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 _____

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

In the Matter of)
))
Hector Communications Corporation)
Transferor)
))
Blue Earth Valley Communications, Inc.)
Arvig Enterprises, Inc.)
New Ulm Telecom, Inc.)
Transferees)
))
For Distribution and/or Transfer of Control of Hector Communications)
Corporation Subsidiaries that Provide Interstate Exchange Access)
and Interexchange Services in Minnesota, Wisconsin and North)
Dakota Pursuant to Domestic Section 214 Authorizations)

TO: Chief, Wireline Competition Bureau

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

Hector Communications Corporation (“Hector”; FRN: 0007502685) and Blue Earth Valley Communications, Inc. (Blue Earth Valley”; FRN: 0002643922), Arvig Enterprises, Inc. (“Arvig”; FRN: 0008393118) and New Ulm Telecom, Inc. (“New Ulm”; FRN: 0003739430) hereby notify the Commission of a transaction which they believed at the time was a *pro forma* transaction comprising the reorganization and dissolution of Hector, a holding company owned by Blue Earth Valley, Arvig and New Ulm, and the distribution of the eleven subsidiaries of Hector that hold Domestic Section 214 Authorizations to either Blue Earth Valley, Arvig or New Ulm. If the Commission deems the transaction instead to require Section 214 authorization, Hector, Blue Earth Valley, Arvig and New Ulm request Commission consent to the transfer of control of the

Domestic Section 214 Authorizations of the eleven individual Hector subsidiaries to Blue Earth Valley, Arvig or New Ulm.

The following nine subsidiaries of Hector or of a further intermediate holding company and Hector subsidiary [Alliance Telecommunications Corporation (“Alliance”)]¹ are local exchange carriers that hold Domestic Section 214 Authorizations to provide interstate exchange access services and/or resold interstate long distance toll services: (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”)²; and (9) Sleepy Eye Telephone Company (“Sleepy Eye”). In addition, Cannon Communications Corp. (“Cannon”), an Internet service provider (“ISP”) and Indianhead Communications Company (“Indianhead Communications”), a reseller of interstate and international toll services, have Domestic Section 214 Authorizations to resell interstate toll services.

Hector, a Minnesota corporation, is a telecommunications holding company that since November 2006 has been owned equally by Blue Earth Valley (33.33 percent), Arvig (33.33 percent) and New Ulm (33.33 percent). Blue Earth Valley, Arvig and New Ulm are each otherwise unrelated and separately owned Minnesota corporations that provide telecommunications services in Minnesota and (in several instances, adjacent areas of Wisconsin or North Dakota.

¹ Alliance, a wholly-owned subsidiary of Hector, owns 100 percent of the stock of Felton, Loretel, Sleepy Eye, Hager, and Cannon Communications Corp. (“Cannon”), an Internet service provider (“ISP”).

²Pine Island was actually owned 69 percent by Hector and 31 percent by Indianhead.

During late 2012, Blue Earth Valley, Arvig and New Ulm decided to reorganize Hector. After substantial discussion, it was determined that the most effective and efficient approach was to dissolve Hector and certain inactive Hector subsidiaries, and to distribute Hector's operating subsidiaries to the Hector stockholder that was the closest from a geographic standpoint and most capable of assuming full operational control with little or no disruption. This reorganization was undertaken and accomplished pursuant to Section 355 of the Internal Revenue Code. Hector's corporate and tax attorneys and accountants focused upon the internal Hector reorganization from a tax standpoint, and it was assumed by these advisors, as well as by Hector, Blue Earth Valley, Arvig and New Ulm, that the reorganization was a *pro forma* transaction among the existing and FCC-approved owners of Hector and did not require prior FCC approval.

As a result of the Hector reorganization: (a) six of the Domestic Section 214 Authorization holders -- Granada, Hager, Indianhead, Pine Island, Cannon and Indianhead Communications -- were distributed to BCS Holdings, LLC ("BCS"), a wholly-owned subsidiary of Blue Earth Valley; (b) Alliance Telecommunications Corporation, an intermediate subsidiary that owns four of the Domestic Section 214 Authorization holders -- Arrowhead, Eagle Valley, Felton and Loretel -- was distributed to Arvig; and (c) Sleepy Eye was distributed to New Ulm. Hector would then be dissolved, along with inactive subsidiaries Hastad Engineering Co., Loretel Financial Systems, Inc., Mustang Communications Corporation, OU Connection, Inc., and Pine Island Cellular Telephone Company. None of the latter entities were providing regulated telecommunications services at the time of the reorganization.

The Hector reorganization was completed, effective December 31, 2012. Recently, one of the Hector stockholders mentioned the reorganization to FCC counsel, and noted that Hector had been told by its corporate and tax counsel that the reorganization was a *pro forma* transaction. Whereas the transaction clearly constituted a Section 355 reorganization for tax purposes, FCC counsel was concerned that the particular reorganization was complicated by the fact that the subsidiaries holding the eleven Domestic Section 214 Authorizations had been distributed by Hector (where each of the three stockholders owned a 33.33 percent voting and equity interest) to a specific Hector stockholder.

This application has been prepared and filed out of an abundance of caution. Because the transaction entailed the reorganization of Hector and distribution of its corporate assets to its three existing stockholders, and did not involve a sale of assets or corporate stock like the typical assignment or transfer of control requiring prior FCC approval, the parties did not question the assumption of corporate and tax counsel that the reorganization was a *pro forma* transaction, or contact the FCC or FCC counsel regarding the transaction. The parties believed at the time that the reorganization was developed and completed, and still believe, that it was a *pro forma* transaction that did not require prior FCC approval. However, if the Commission deems that the distributions of the eleven entities holding Domestic Section 214 Authorizations by Hector to Blue Earth Valley, Arvig and New Ulm constituted transfers of control that require its approval, the parties request such approval.

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:

Assignor:

Hector Communications Corporation
c/o New Ulm Telecom, Inc.
27 North Minnesota (P.O. Box 697)
New Ulm, Minnesota 56073
Telephone: (507) 354-4111
Facsimile: (507) 354-1982

Assignees:

Blue Earth Valley Communications, Inc.
123 West 7th Street
Blue Earth, Minnesota 56013
Telephone: (507) 526-2822
Facsimile: (507) 526-4963

Arvig Enterprises, Inc.
150 Second Street SW.
Perham, MN 56573
Telephone: (218) 346-5500
Facsimile: (218) 346-8829

New Ulm Telecom, Inc.
27 North Minnesota (P.O. Box 697)
New Ulm, Minnesota 56073
Telephone: (507) 354-4111
Facsimile: (507) 354-1982

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

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

Blue Earth is a corporation organized under the laws of the State of Minnesota.

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

New Ulm 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 Assignor:

Bill Otis, Chairman
Hector Communications Corporation
c/o New Ulm Telecom, Inc.
27 North Minnesota (P.O. Box 697)
New Ulm, Minnesota 56073
Telephone: (507) 354-4111
Facsimile: (507) 354-1982

With a copy to Counsel:

Gerard J. Duffy
Blooston, Mordkofsky, Dickens, Duffy & Prendergast
2120 L Street, N.W. (Suite 300)
Washington, D.C. 20037
Telephone: (202) 659-0830
Facsimile: (202) 828-5568

For Assignees:

William Eckles, Chief Executive Officer
Blue Earth Valley Communications, Inc.
123 West 7th Street
Blue Earth, Minnesota 56013
Telephone: (507) 526-2822
Facsimile: (507) 526-4597

With a copy to Counsel:

Gerard J. Duffy
Blooston, Mordkofsky, Dickens, Duffy & Prendergast
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:

Granada, Hager, Indianhead, Pine Island, Arrowhead, Eagle Valley, Felton, Loretel, Sleepy Eye, Cannon and Indianhead Communications - Prior to Subject Transaction:

The names, addresses, citizenship and principal businesses of the entities that owned at least ten (10) percent of Hager, Felton, Loretel, Sleepy Eye and Cannon prior to the subject transaction are:

<u>Name & Address</u>	<u>Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Alliance Communications Corporation 27 North Minnesota New Ulm, MN 56073	100.00%	MN Corp.	Telecommunications

The names, addresses, citizenship and principal businesses of the entities that owned at least ten (10) percent of Alliance, Granada, Indianhead, Pine Island³, Arrowhead, Eagle Valley and Indianhead Communications prior to the subject transaction are:

<u>Name & Address</u>	<u>Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Hector Communications Corporation 27 North Minnesota New Ulm, MN 56073	100.00%	MN Corp.	Telecommunications

The names, addresses, citizenship and principal businesses of the entities that owned at least ten (10) percent of Hector prior to the subject transaction are:

<u>Name & Address</u>	<u>Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Blue Earth Valley Communications, Inc. 123 West 7 th Street Blue Earth, MN 56013	33.33%	MN Corp.	Telecommunications
Arvig Enterprises, Inc. 150 Second Street SW Perham, MN 56573	33.33%	MN Corp.	Telecommunications

³ As noted above, Pine Island was actually owned 69 percent by Hector and 31 percent by Indianhead.

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
New Ulm Telecom, Inc. 27 North Minnesota New Ulm, MN 56073	33.33%	MN 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 are:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
William V. Eckles 123 West 7 th Street Blue Earth, MN 56013	19.84%	U.S.A.	Telecommunications
Eckles Dynasty Trust #1 123 West 7 th Street Blue Earth, MN 56013	37.33%	MN 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 #2 123 West 7 th Street Blue Earth, MN 56013	39.58%	MN Trust	Investments
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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.

Arvig Enterprises, Inc.

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of the equity of Arvig are:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Allen R. Arvig Revocable Trust 150 Second Street SW Perham, MN 56573	22.212%	MN Trust	Telecommunications
Arvig Employee Stock Ownership Plan 150 Second Street SW Perham, MN 56573	36.7061%	U.S.A.	Telecommunications

The trustee of the Allen R. Arvig Revocable Trust is Allen R. Arvig, and the beneficiaries are Carmen L. Arvig, David Arvig, Ashley Arvig, Dennis Arvig, Jay Arvig and Michele Arvig. The trustee and beneficiaries are all United States citizens.

New Ulm Telecom, Inc.

New Ulm has more than 1,300 shareholders, none of which owns or controls ten (10) percent or more of the equity of New Ulm.

Granada, Hager, Indianhead, Pine Island, Cannon and Indianhead Communications - After Subject Transaction:

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of Granada, Hager, Indianhead, Pine Island, Cannon and Indianhead Communications after the subject transaction are:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
BCS Holdings, LLC 123 West 7 th Street Blue Earth, MN 56013	100.00%	MN LLC	Telecommunications

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of BCS Holdings after the subject transaction are:

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

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of the equity of Blue Earth Valley are:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
William V. Eckles 123 West 7 th Street Blue Earth, MN 56013	19.84%	U.S.A.	Telecommunications

Eckles Dynasty Trust #1 123 West 7 th Street Blue Earth, MN 56013	37.33%	MN Trust	Investments
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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 #2 123 West 7 th Street Blue Earth, MN 56013	39.58%	MN Trust	Investments
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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.

Arrowhead, Eagle Valley, Felton and Loretel - After Subject Transaction:

The names, addresses, citizenship and principal businesses of the entities that owned at least ten (10) percent of Arrowhead, Eagle Valley, Felton and Loretel after the subject transaction are:

<u>Name & Address</u>	<u>Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Alliance Communications Corporation 150 Second Street SW Perham, MN 56573	100.00%	MN Corp.	Telecommunications

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of Alliance after the subject transaction are:

<u>Name & Address</u>	<u>Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Arvig Enterprises, Inc. 150 Second Street SW Perham, MN 56573	100.00%	MN Corp.	Telecommunications

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of the equity of Arvig are:

<u>Name & Address</u>	<u>Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Allen R. Arvig Revocable Trust 150 Second Street SW Perham, MN 56573	22.212%	MN Trust	Telecommunications
Arvig Employee Stock Ownership Plan 150 Second Street SW Perham, MN 56573	36.7061%	U.S.A.	Telecommunications

The trustee of the Allen R. Arvig Revocable Trust is Allen R. Arvig, and the beneficiaries are Carmen L. Arvig, David Arvig, Ashley Arvig, Dennis Arvig, Jay Arvig and Michele Arvig. The trustee and beneficiaries are all United States citizens.

Sleepy Eye - After Subject Transaction:

The names, addresses, citizenship and principal businesses of the entities that owned at least ten (10) percent of Sleepy Eye after the subject transaction are:

<u>Name & Address</u>	<u>Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
New Ulm Telecom, Inc. 27 North Minnesota New Ulm, MN 56073	100.00%	MN Corp.	Telecommunications

New Ulm has more than 1,300 shareholders, none of which owns or controls ten (10) percent or more of the equity of New Ulm.

- (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.**

Hector, Blue Earth, Arvig and New Ulm 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 subject transaction entailed the reorganization of Hector pursuant to Section 355 of the Internal Revenue Code, the distribution of eleven Hector subsidiaries that hold Domestic Section 214 Authorizations and other assets to the three existing shareholders of Hector (Blue Earth Valley, Arvig and New Ulm), and the dissolution of Hector and certain other non-operating and/or non-regulated Hector subsidiaries. As a result of the transaction: (a) six of the former Hector subsidiaries that hold Domestic Section 214 Authorizations (Granada, Hager, Indianhead, Pine Island, Cannon and Indianhead Communications) are now owned and controlled by Blue Earth Valley through its wholly-owned subsidiary BCS; (b) four of the former Hector subsidiaries that hold Domestic Section 214 Authorizations (Arrowhead, Eagle Valley, Felton and Loretel) are now owned and controlled by Arvig through its new wholly-owned subsidiary Alliance; and (c) one of the former Hector subsidiaries that hold Domestic Section 214 Authorizations (Sleepy Eye) is now owned and controlled by New Ulm.

(7) Description of the geographic areas in which the transferor and transferees (and their affiliates) offer domestic telecommunications services, and what services are provided in each area:

Color-coded maps showing the subject Minnesota, Wisconsin and North Dakota local exchange service areas of Hector, and the pre-transaction Minnesota local exchange service areas of Blue Earth, Arvig and New Ulm are attached. The Iowa local exchange service areas of Blue Earth and New Ulm are not shown. Some of the former Hector service areas are adjacent to pre-transaction Blue Earth, Arvig and New Ulm service areas in Minnesota.

Areas and Services of Hector and affiliates

Hector was primarily a holding company that provided telecommunications services through various subsidiaries in rural portions of Minnesota, Wisconsin and North Dakota. It owned nine incumbent local exchange carriers (“ILECs”) that provided local exchange services to 28 rural exchanges (approximately 22,200 access lines) in Minnesota, Wisconsin and North Dakota. These ILEC subsidiaries also resold long distance toll services to approximately 10,600 Minnesota, Wisconsin and North Dakota customers.

Hector Subsidiaries Distributed to Blue Earth Valley (via BCS):

Granada Telephone Company (“Granada”), a Minnesota corporation, provides local exchange services and long distance toll services in and around the community of Granada in southwestern Minnesota (approximately 175 access lines). Granada also provides dial-up and high-speed Internet access services, and business telephone systems to Granada area residents and businesses.

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.

Hager, a Wisconsin corporation, provides local exchange services and long distance toll services in and around the communities of Hager City and Bay City in southwestern Wisconsin (approximately 1,560 access lines). Hager also provides dial-up and high-speed Internet access services to Hager City and Bay City area residents and businesses.

Indianhead Telephone Company (“Indianhead”), a Wisconsin corporation, provides local exchange services and long distance toll services in and around the communities of Exeland, Radisson and Weyerhaeuser in northwestern Wisconsin (approximately 1,900 access lines). Indianhead also provides dial-up and high-speed Internet access services to Exeland, Radisson and Weyerhaeuser area residents and businesses.

Pine Island Telephone Company (“Pine Island”), a Minnesota corporation, provides local exchange services and long distance toll services in and around the communities of Pine Island and Oronoco in southeastern Minnesota (approximately 2,500 access lines). 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.

Cannon Communications Corporation (“Cannon”), a Minnesota corporation, provides dial-up and high-speed Internet access services in Red Wing, Minnesota, and nearby portions of western Wisconsin. Cannon also holds an International Section 214 authorization for global resale of switched services (File No. ITC-214-19970326-00713, granted May 15, 1997), and resells international and interstate toll services within its Minnesota and Wisconsin service areas.

Indianhead Communications Company (“Indianhead Communications”), a Wisconsin corporation, holds an International Section 214 authorization for global resale of switched services (File No. ITC-97-583, granted effective November 14, 1997) and resells international call termination services throughout portions of Wisconsin.

BCS holds an 8.19 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 Cannon hold an aggregated 6.45 percent ownership interest in Communications Management Group, LLC, a Wisconsin limited liability corporation that provides high-capacity special access circuits in Wisconsin.

Hector Subsidiaries Distributed to Arvig (via Alliance):

Arrowhead Communications Corp. (“Arrowhead”), a Minnesota corporation, provides local exchange services and long distance toll services in and around the communities of Bena and Cotton in northeastern Minnesota (approximately 565 access lines). 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 Telephone Company (“Eagle Valley”), a Minnesota corporation, provides local exchange services and long distance toll services in and around the community of Clarissa in central Minnesota (approximately 608 access lines). Eagle Valley also provides dial-up and high-speed Internet access services, and business telephone systems to Clarissa area residents and businesses.

Felton Telephone Company (“Felton”), a Minnesota corporation, provides local exchange services and long distance toll services in and around the communities of Felton, Averill, Hitterdal and Borup in northwestern Minnesota (approximately 546 access lines). Felton also provides dial-up and high-speed Internet access services to Felton, Averill, Hitterdal and Borup area residents and businesses.

Loretel Systems, Inc. (“Loretel”), a Minnesota corporation, 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 (approximately 9,849 access lines), 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.

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.

Hector Subsidiaries Distributed to New Ulm:

Sleepy Eye Telephone Company (“Sleepy Eye”), a Minnesota corporation, 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 (approximately 4,600 access lines). 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.

Sleepy Eye holds an 8.13 percent ownership interest in Broadband Visions, LLC, a Minnesota limited liability corporation that delivers digital television signals to video program distributors from a head end located in Hutchinson, Minnesota.

Areas and Services of Blue Earth Valley and Affiliates

Blue Earth Valley owns 100 percent of the following four rural ILECs (approximately 13,500 total access lines): (1) Blue Earth Valley Telephone Company; (2) Easton Telephone Company; (3) Cannon Valley Telephone Company; and (4) Eckles Telephone Company. These ILECs provide local exchange telephone service (including interstate exchange access) and resold interstate toll services in and about the rural southern Minnesota communities of Blue Earth, Easton, Elmore, Guckeen, Huntley, Minnesota Lake, New Prague, Wells, Bricelyn, Frost, Freeborn, Morristown, Delevan and Winnebago; and in and about the rural north central Iowa community of Stevens.

Blue Earth Valley and its ILEC subsidiaries also provide 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 eleven communities. Blue Earth Valley serves as an agent for Midwest Wireless cellular services in Blue Earth, Wells, Minnesota Lake and New Prague, and is providing digital cable television services in New Prague and Minnesota Lake.

Blue Earth Valley holds a 10.0 percent ownership interest in West Central Transport Group (“WCTG”), which provides high-capacity special access circuits in Minnesota, North Dakota and South Dakota.

Blue Earth Valley and its ILEC 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.

Areas and Services of Arvig and Affiliates

Arvig is primarily a holding company, and owns 100 percent of the following ten rural ILECs that provide local exchange telephone services (including interstate exchange access) and resold interstate toll services in forty-nine rural local exchanges (approximately 36,000 total access lines) in central, west central and northwest Minnesota: (1) East Otter Tail Telephone Company (“East Otter Tail”); (2) Twin Valley-Ulen Telephone Company (“Twin Valley”); (3) Callaway Telephone Company (“Callaway”); (4) The Peoples Telephone Company of Bigfork (“Peoples”); (5) Midwest Telephone Co. (“Midwest”); (6) Osakis Telephone Company (“Osakis”); (7) Melrose Telephone Company (“Melrose”); (8) Clements Telephone Company (“Clements”); (9) Redwood County Telephone Company (“Redwood”); and (10) The Home Telephone Company (“Home”). These ILECs also offer dial-up and high-speed Internet access services, business telephone systems, and cable television service plans in substantial portions of their service areas.

Arvig owns 100 percent of Tekstar Cablevision, Inc. (Tekstar Cable”), a Minnesota corporation, which in turn owns 100 percent of Tekstar Communications, Inc. (“Tekstar”), a Minnesota corporation. Tekstar provides or is authorized to provide competitive local exchange services and resold long distance toll services to customers in fourteen central and west central Minnesota exchanges (Detroit Lakes, Battle Lake, Henning, Wadena, Staples, Hawley, Bemidji, Cass Lake, Crookston, Fergus Falls, Glenwood, Grand Rapids, Mahnomen, and Thief River Falls) in which CenturyLink is the ILEC, and four west central Minnesota exchanges (Long Prairie, Carlos, Alexandria and Browerville) in which Sprint is the ILEC. Tekstar Cable provides cable television services and other non-regulated non-telecommunications services in many of the same areas served by Tekstar. The Tekstar companies also provide dial-up and high-speed Internet access services, and business telephone systems.

Arvig owns 100 percent of Mainstreet Communications, LLC (“Mainstreet”), a Minnesota limited liability company. Mainstreet provides competitive local exchange services and resold long distance toll services to customers in Sauk Centre, Minnesota.

Arvig owns 100 percent of Redwood Long Distance Company (“Redwood LD”), a Minnesota corporation. Redwood LD provides long distance toll services to customers in the Redwood and Clements service areas.

The Arvig companies serve as authorized agents for Unicell wireless services.

East Otter Tail holds a 9.53 percent ownership interest in 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

East Otter Tail holds a 5.00 percent ownership interest in West Central Transport Group (“WCTG”), which provides high-capacity special access circuits in Minnesota, North Dakota and South Dakota.

Arvig holds a 100 percent ownership interest in Midwest Information Systems Inc. (“Midwest”), a Minnesota corporation that in turn holds: (a) a 20 percent ownership interest in Central Transport Group LLC (“CTG”), a Minnesota limited liability corporation that provides high-capacity special access circuits in Minnesota; (b) a 12.5 percent ownership interest in Central Transport Video Group LLC (“CTVG”), a Minnesota limited liability corporation that provides facilities in rural Minnesota for distribution of video signals; and (c) a 5.00 percent ownership interest in WCTG..

East Otter Tail, Twin Valley and Midwest hold an aggregated 15.78 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.

East Otter Tail holds a 14.28 percent ownership interest in Independent Emergency Services LLC, a Minnesota limited liability corporation that provides public service answering point (“PSAP”) enhanced 911 communication services in rural Minnesota.

Midwest holds a 33.33 percent ownership interest in Central Minnesota Network Systems LLC “CMNS”), a Minnesota limited liability corporation that provides interactive video, fiber connectivity and leased fiber to schools in central Minnesota.

Melrose holds (a) a 33.33 percent ownership interest in CMNS; (b) an 11.11 percent ownership interest in CTVG; and (c) a 20 percent ownership interest in CTG.

Arvig owns 100 percent of Royale Comtronics, Inc., a Minnesota corporation that owns 22.8 percent of Skycom 700 LLC (“Skycom”), an owner of 700 MHz spectrum in Minnesota.

Areas and Services of New Ulm and Affiliates

New Ulm provides local exchange telephone service (including interstate exchange access) and resells interstate toll services as an ILEC in the rural southern Minnesota communities of New Ulm, Courtland, Essig, Klossner, and Searles. New Ulm also has three wholly-owned ILEC subsidiaries: (1) Western Telephone Company, which provides local exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural southern Minnesota communities of Springfield and Sanborn; (2) Peoples Telephone Company, which provides local exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural northwestern Iowa community of Aurelia; and (3) Hutchinson Telephone Company, which provides local exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural south central Minnesota community of Hutchinson. New Ulm and its ILEC subsidiaries and its CLEC operation, all of which operate under the trade name NU-Telecom, serve approximately 25,500 access lines in the aggregate.

New Ulm also provides competitive local exchange telephone service (including interstate exchange access) and resold interstate toll services as a CLEC in the rural southern Minnesota community of Redwood Falls and the central Minnesota community of Litchfield, both of which areas are served by CenturyLink as the ILEC.

New Ulm and its subsidiaries provide dial-up and high-speed Internet access services, computer sales and networking services, and cable television services in and around most of its affiliated ILEC and CLEC service areas.

New Ulm holds a 16.26 percent ownership interest in Broadband Visions, LLC, a Minnesota limited liability corporation that delivers digital television signals to video program distributors from a head end located in Hutchinson, Minnesota.

New Ulm holds an 18.27 percent ownership interest in Fibercomm, LC, an Iowa limited liability corporation that provides competitive local exchange services in Sioux City, Iowa.

New Ulm holds a 14.29 percent ownership interest in IES, LLC, a Minnesota limited liability company that provides 911 and database services throughout Minnesota.

New Ulm is the licensee of PCS Station WPOL772, Aurelia, Iowa.

(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:

Blue Earth Valley's subsidiaries, Arvig's subsidiaries and New Ulm and its subsidiaries each have local exchange service areas that are adjacent to local exchange service areas of one or more of the distributed Hector's affiliates. Applicants are not requesting streamlined treatment for this application.

Applicants note that, both before and after distribution of the Hector subsidiaries, the Hector, Blue Earth, Arvig and New Ulm organizations have an aggregated market share in the interstate, interexchange market of substantially less than 10 percent. In addition, the Hector, Blue Earth, Arvig and New Ulm organizations have, in combination, far fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide. Their aggregate 97,000 access lines comprise only a very small fraction of the 3,245,020 end-user switched access lines that constituted two percent of the nation's estimated 162,251,000 end-user switched access lines as of December 2008. Source: Industry Analysis and Technology Division, Statistics of Communications Common Carriers, 2006/2007 Edition, Table 5.2.

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

The Applicants will file electronic applications via the International Bureau Filing System for transfer of control of the International Section 214 authorizations for global resale of switched services held by the following wholly-owned Hector subsidiaries: (1) Cannon Communications Corporation, a Minnesota corporation (File No. ITC-214-19970326-00173, granted May 15, 1997; and (2) Indianhead Communications Company, a Wisconsin corporation (File No. ITC-97-583, granted November 14, 1997).

The Applicants will also file applications for transfer of control of the following radio licenses held by Hector subsidiaries: (1) Paging and Radiotelephone Service Station KNKB454 licensed to Pine Island Telephone Company; (2) Paging and Radiotelephone Service Station KJU798 licensed to Hager Telecom, Inc.; (3) Industrial/Business Pool Conventional Station WNNB286 licensed to Hager Telecom, Inc.; and (4) Industrial/Business Pool Conventional Station WSL970 licensed to Indianhead Telephone Company.

(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 subject transaction entailed the reorganization of Hector pursuant to Section 355 of the Internal Revenue Code, and the distribution of eleven Hector subsidiaries providing interstate telecommunications services pursuant to Domestic Section 214 Authorizations to the three well-established rural telephone company operators that held, in equal 33.33 percent portions, all of Hector's voting and equity interests. Blue Earth Valley, Arvig and New Ulm all 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 ensures that the rural Minnesota, Wisconsin and North Dakota customers of the Hector subsidiaries 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, the Commission is requested to note the distribution of the eleven Hector subsidiaries to Blue Earth Valley, Arvig and New Ulm as detailed above. In the alternative, if prior Commission consent to a transaction that the parties assumed to be *pro forma* is required, the Commission is requested to approve the transfer of control of the Domestic Section 214 Authorizations held by the eleven Hector subsidiaries as follows: (a) Granada, Hager, Indianhead, Pine Island, Cannon and Indianhead Communications to Blue Earth Valley (via BCS); (b) Arrowhead, Eagle Valley, Felton and Loretel to Arvig (via Alliance); and (c) Sleepy Eye to New Ulm.

Hector, Blue Earth Valley, Arvig and New Ulm 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,

HECTOR COMMUNICATIONS CORPORATION

By Bill Otis

Printed Name Bill Otis

Title Chairman

Date 2-13-13

BLUE EARTH VALLEY COMMUNICATIONS, INC.

By _____

Printed Name _____

Title _____

Date _____

ARVIG ENTERPRISES, INC.

By _____

Printed Name _____

Title _____

Date _____

NEW ULM TELECOM, INC.

By Bill Otis

Printed Name Bill Otis

Title CEO/President

Date 2-13-13

Conclusion

In light of the foregoing, the Commission is requested to note the distribution of the eleven Hector subsidiaries to Blue Earth Valley, Arvig and New Ulm as detailed above. In the alternative, if prior Commission consent to a transaction that the parties assumed to be *pro forma* is required, the Commission is requested to approve the transfer of control of the Domestic Section 214 Authorizations held by the eleven Hector subsidiaries as follows: (a) Granada, Hager, Indianhead, Pine Island, Cannon and Indianhead Communications to Blue Earth Valley (via BCS); (b) Arrowhead, Eagle Valley, Felton and Loretel to Arvig (via Alliance); and (c) Sleepy Eye to New Ulm.

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Respectfully submitted,

HECTOR COMMUNICATIONS CORPORATION

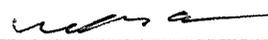
By _____

Printed Name _____

Title _____

Date _____

BLUE EARTH VALLEY COMMUNICATIONS, INC.

By 

Printed Name WILLIAM ECKLES

Title CEO

Date 2-13-2013

ARVIG ENTERPRISES, INC.

By _____

Printed Name _____

Title _____

Date _____

NEW ULM TELECOM, INC.

By _____

Printed Name _____

Title _____

Date _____

Conclusion

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Respectfully submitted,

HECTOR COMMUNICATIONS CORPORATION

BLUE EARTH VALLEY COMMUNICATIONS, INC.

By _____

By _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Date _____

Date _____

ARVIG ENTERPRISES, INC.

NEW ULM TELECOM, INC.

By *Staci Halikowski*

By _____

Printed Name Staci Halikowski

Printed Name _____

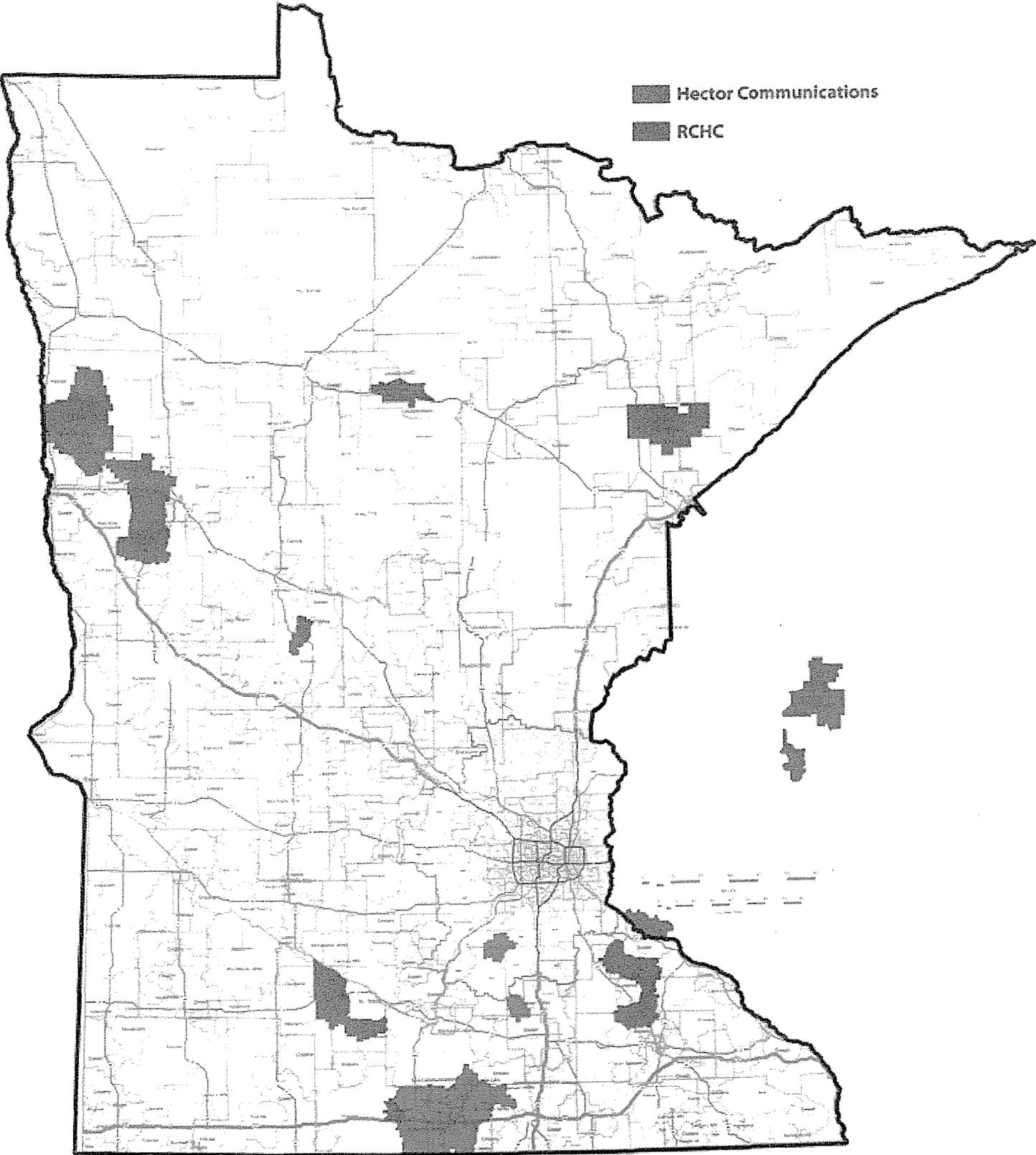
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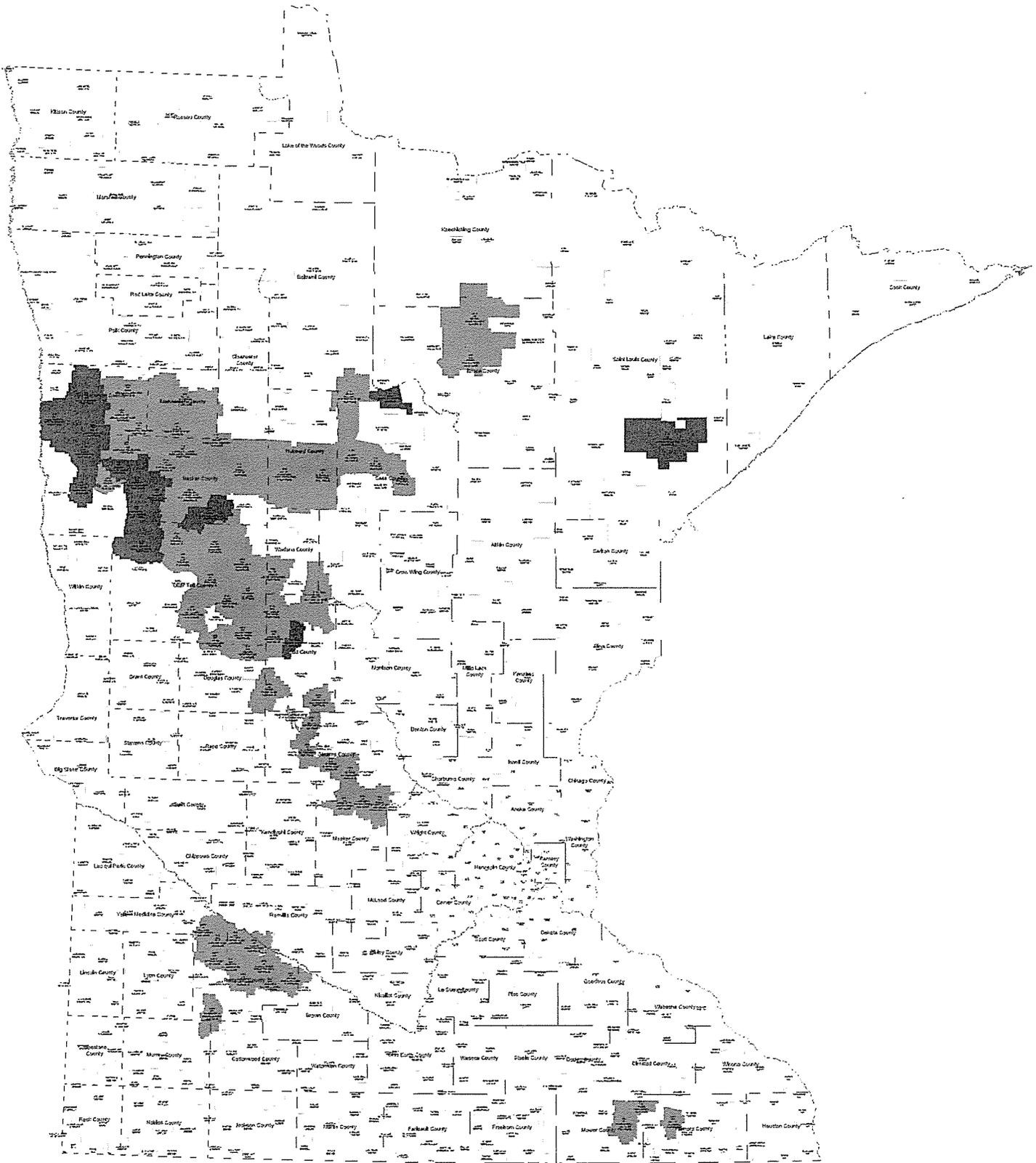
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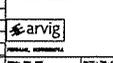
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Date _____

■ Hector Communications
■ RCHC



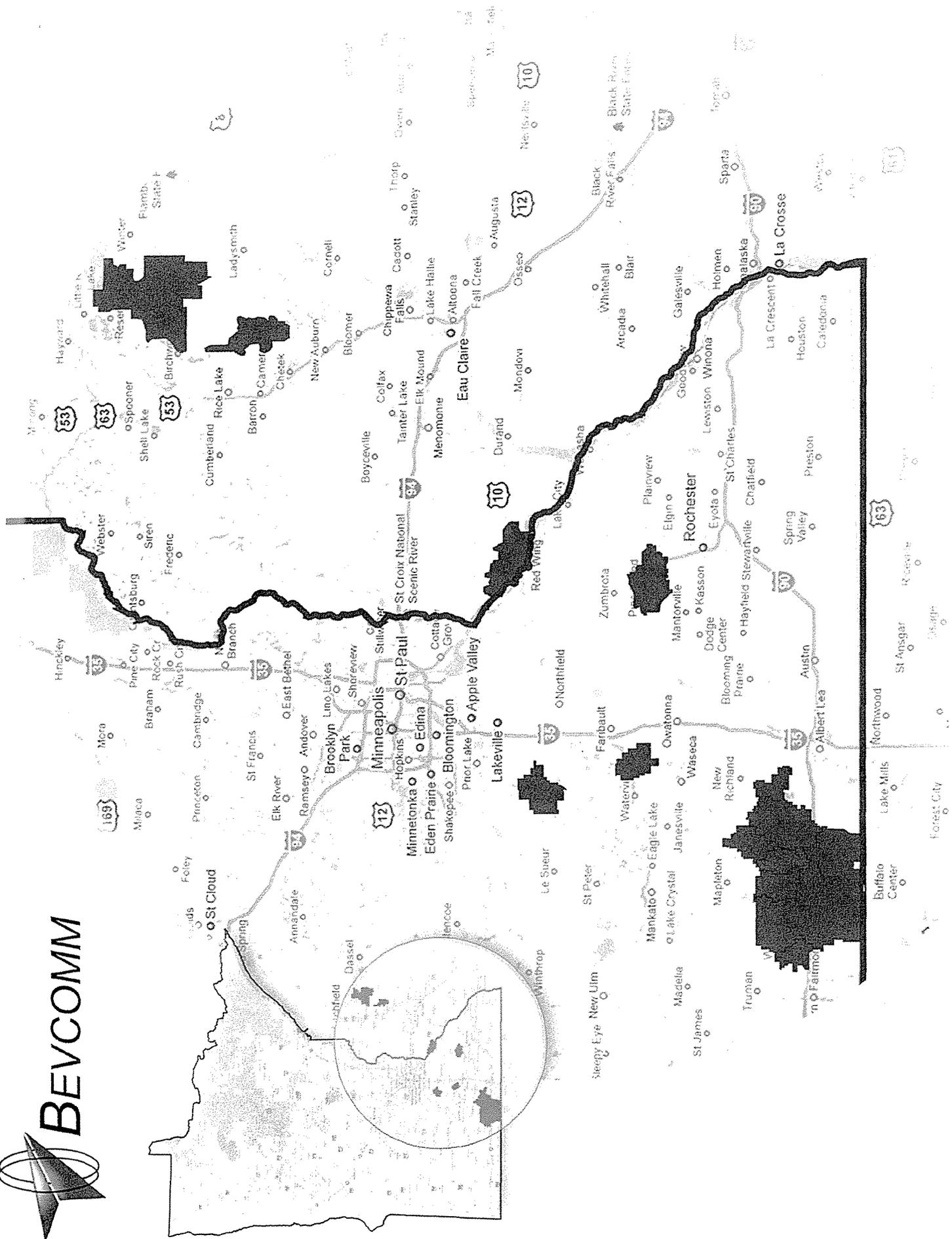


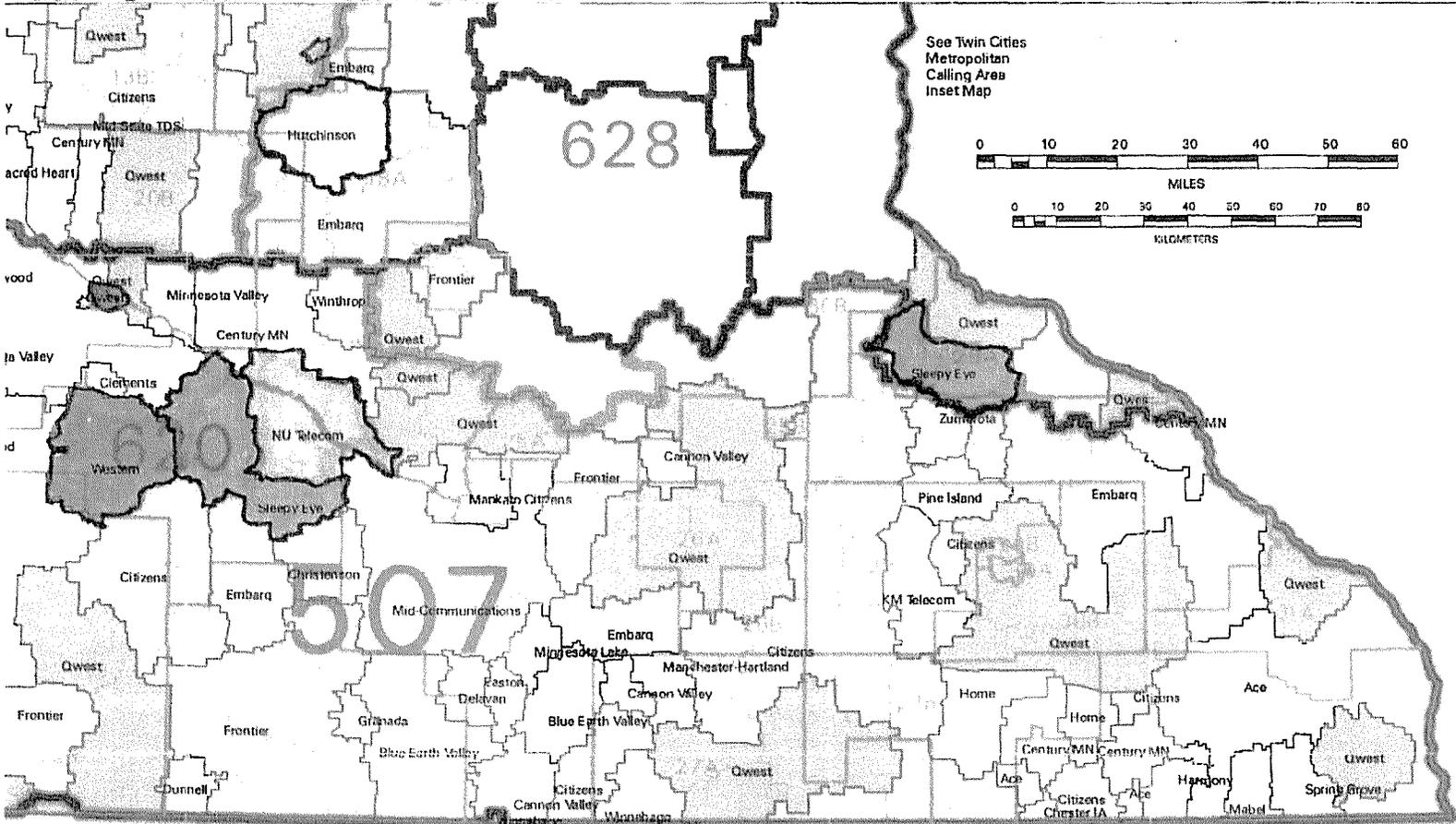


ARVIG
MISSOURI
ARVIG SERVICE AREA

PLANT
ARVIG

REVISION	DATE	DRAWN BY	CHECKED BY	SCALE	DATE	PROJECT





See Twin Cities Metropolitan Calling Area Inset Map

