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2014-276-C - 302211
2016-180-C - 302212
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PSCSC
Clerks Office

Ms. Jocelyn Boyd
Chief Clerk/Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: *Notice of Transfer of Control of Certain Indirect Subsidiaries of MTN Infrastructure TopCo LP, Transferor, to Cox Communications, Inc., Transferee*

Dear Ms. Boyd:

MTN Infrastructure TopCo LP ("MTN Infrastructure" or "Transferor") and Cox Communications, Inc. ("Cox," and together with MTN Infrastructure, the "Parties") hereby notify the Public Service Commission of South Carolina ("Commission") of a transaction that will result in a change of control of the indirect, wholly-owned subsidiaries of MTN Infrastructure (the "Segra Commercial Licensees"), which in South Carolina include FRC, LLC ("FRC"), LMK Communications, LLC ("LMK"), PalmettoNet Inc. ("Palmetto"), South Carolina Net, Inc. d/b/a Spirit Telecom ("SCNet"), South Carolina Telecommunications Group Holdings, LLC d/b/a Spirit Communications ("SCTG Holdings"), and Spirit Tower Company, LLC ("Spirit Tower") (collectively, the "Licensees") from MTN Infrastructure to Cox.

As discussed in more detail below, MTN Infrastructure is separating the residential and commercial service segments of its business that currently operate under the brand name "Segra." Cox proposes to acquire control only of the Segra Commercial Licensees, including the Licensees identified above.[1] A description of the current corporate structure and ownership of the Licensees is provided in Exhibit A.

It is the Parties' understanding that formal approval of the transaction by the Commission is not required. The proposed transaction will occur at the parent level only. No assignment of licenses, assets, or customers will occur as a consequence of the proposed transaction. Immediately following the consummation of the transaction, the Licensees will continue to provide service to existing customers pursuant to the same rates, terms, and conditions. Accordingly, the Parties submit this letter for informational purposes only to ensure the continuing accuracy of the Commission's records.

I. DESCRIPTION OF THE PARTIES

A. Transferor – MTN Infrastructure TopCo LP

MTN Infrastructure is a Delaware limited partnership headquartered at One Lumos Plaza, Waynesboro, Virginia 22980. The company was created to aggregate the ownership of various investment funds ultimately managed by an affiliate of EQT AB ("EQT") in connection with the

[1] Other than the Licensees, none of the Segra Commercial Licensees hold certificates issued by the Commission.

ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 1 of 11

investment of the EQT Infrastructure III Fund (including co-investors) in Segra through its acquisitions of Lumos Networks Corp. in 2017,[2] Spirit Communications in 2018,[3] and North State Telecommunications Corporation in 2020.[4]

EQT, founded in Sweden in 1994, is a leading alternative investments firm with approximately EUR 67 billion in assets under management across 26 active funds. EQT and its affiliates acting as the manager or advisers to such funds are committed to the growth and development of the portfolio companies under the funds' ownership, and seek to develop and grow the core strengths of such portfolio companies. EQT funds have portfolio companies in the United States, Europe, and Asia, with total annual sales of approximately EUR 29 billion and approximately 175,000 employees.[5]

B. Transferee – Cox Communications, Inc.

Cox is a division of Cox Enterprises, Inc., a family-owned business founded over 120 years ago. It is a Delaware corporation headquartered at 6205-A Peachtree Dunwoody Road, Atlanta, Georgia 30328. Cox and its affiliates provide domestic and international telecommunications services, broadband service, and video service to more than six million customers in the residential, small and medium business, and enterprise markets. Cox operates cable systems in eighteen states: Arizona, Arkansas, California, Connecticut, Florida, Georgia, Idaho, Iowa, Kansas, Louisiana, Massachusetts, Nebraska, Nevada, North Carolina, Ohio, Oklahoma, Rhode Island, and Virginia.[6] Cox is a nondominant carrier in both the domestic and international service markets across its footprint, and is not affiliated with any dominant carrier.

Over the last 10 years, Cox has invested more than $15 billion in its communities through infrastructure upgrades to deliver video, phone, and high-speed internet service to homes and businesses in the company's service area.[7] Cox has made significant investments in the construction of fiber facilities, with more than 38,000 route miles of fiber in place today. Cox's network infrastructure investments have included EasyTel, EdgeConneX, InSite Wireless, StackPath, Unite Private Networks ("UPN"), and ViaWest. Cox plans to invest another $10 billion in the next five years.[8]

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[2] *See generally Domestic Section 214 Application Granted for the Transfer of Control of Lumos Networks Corp. to MTN Infrastructure TopCo, Inc.*, Public Notice, 32 FCC Rcd 9343 (2017).

[3] *See Notification Regarding the Transfer of Membership Interests in South Carolina Telecommunications Group Holdings, LLC d/b/a Spirit Communications to Clemson BidCo, LLC*, South Carolina Public Utilities Commission, Notice Letter (Dec. 17, 2017); *Domestic Section 214 Application Granted for the Transfer of Control of SCTG, LLC DBA Spirit Communications to Clemson BidCo, Inc.*, Public Notice, 33 FCC Rcd 2825 (2018).

[4] *See generally Domestic Section 214 Application Granted for Transfer of Control of North State Telecommunications Corporation to MTN Infrastructure Topco, Inc.*, Public Notice, 35 FCC Rcd 3528 (2020).

[5] For more information about EQT, visit http://www.eqtgroup.com.

[6] Cox provides video service, but not telecommunications service, in Massachusetts and North Carolina. In addition, Cox provides certain transport services on a very limited basis in Colorado, Maryland, and Missouri.

[7] Cox Communications Fact Sheet, https://newsroom.cox.com/company-overview.

[8] *Id.*

ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 2 of 11

Cox's commercial division, Cox Business, provides voice, data, and video services for more than 355,000 small and regional businesses nationwide, including health care providers; K–12 and higher education institutions; financial institutions; and federal, state, and local government organizations. Cox Business also serves most of the top-tier wireless and wireline telecommunications carriers in the U.S. through its wholesale division.[9]

C. Licensees

The Licensees are authorized to operate as competitive local exchange carriers ("CLEC") and/or interexchange carriers ("IXC") in South Carolina. Additional information regarding the Licensees is as follows:

- FRC, a South Carolina limited liability company, is authorized to provide CLEC and IXC services in South Carolina (Docket No. 2008-49-C, Certificate No. 2008-389; Docket No. 2006-42-C, Certificate No. 2006-469).
- LMK, a North Carolina limited liability company, is authorized to provide CLEC and IXC services in South Carolina (Docket No. 2009-300-C, Certificate No. 2009-300-C).
- Palmetto is authorized to provide IXC services in South Carolina (Docket No. 85-157-C, Certificate No. 85-813).
- SCNet, a South Carolina corporation, is authorized to provide CLEC services in South Carolina (Docket No. 92-113-C, Certificate Nos. 92-333 & 2003-346; Docket No. 2000-121-C, Certificate No. 2000-549).
- SCTG Holdings, a South Carolina limited liability company, is authorized to provide CLEC services in South Carolina (Docket Nos. 2014-276-C & 2016-180-C, Certificate No. 2014-806).
- Spirit Tower is authorized to provide IXC services in South Carolina (Docket Nos. 96-089-C & 2000-536-C, Certificate Nos. 96-451 & 2001-137).

The Licensees, along with the Segra Commercial Licensees that operate in other states, operate under the brand name "Segra." Segra owns and operates an advanced fiber infrastructure network of more than 26,000 miles that connects more than 9,000 on-net locations and six data centers throughout nine Mid-Atlantic and Southeastern states. Segra also provides Ethernet, multiprotocol label switching, dark fiber, advanced data center services, internet protocol and managed services, voice and cloud solutions. Customers include carriers, enterprises, governments, and healthcare organizations.[10]

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[9] Cox Business, https://www.cox.com/business/home.html.

[10] In addition to commercial services, Segra delivers high-speed, fiber-based integrated telecommunications services to residential and small business customers in rural Virginia and North Carolina. The residential segment of Segra, operating under the Lumos Networks and North State brands, operates in Virginia (Lumos) and North Carolina (North State), where it provides broadband, voice, and video, mostly via its fiber network, to nearly 200,000 residential and small-to-medium-sized business ("SMB") locations. For more information about Segra's technology and commitment to customer care, visit http://www.segra.com.

ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 3 of 11

ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 4 of 11

II. DESCRIPTION OF THE TRANSACTION

Pursuant to an Agreement and Plan of Merger dated April 26, 2021 ("Merger Agreement"), and as set forth in more detail below, Cox will indirectly acquire ownership and control of the Segra Commercial Licensees, which include the Licensees, from MTN Infrastructure through its purchase of 100% of the outstanding stock of MTN Infrastructure TopCo Blocker, Inc. ("MTN Parent"), a direct, wholly-owned subsidiary of MTN Infrastructure and the indirect parent of the Segra Commercial Licensees. Upon consummation of the transactions described herein, MTN Parent will become a direct, wholly-owned subsidiary of Cox, and Cox will indirectly own and control the Segra Commercial Licensees. Segra's residential business segments will continue to be ultimately owned and controlled by various investment funds ultimately managed by an affiliate of EQT.[11]

The Merger Agreement contemplates that, through a series of steps, MTN Infrastructure will separate Segra's commercial business segments from its residential business segments (the "Pre-Merger Separation"), after which, Cox will acquire the Segra Commercial Licensees pursuant to the merger transaction described below (the "Merger"). Details regarding the Merger and the Pre-Merger Separation are as follows:

The Merger. In connection with the Merger Agreement, Cox has formed a new wholly-owned subsidiary, Gridiron Merger Sub, Inc., a Delaware corporation ("Merger Sub"). At the effective time of the Merger, Merger Sub will merge with and into MTN Parent. Merger Sub will cease to exist, and MTN Parent will be the surviving corporation. Accordingly, upon consummation of the Merger, Cox will hold directly 100% of the issued and outstanding stock of MTN Parent. The Licensees and the other Segra Commercial Licensees will, in turn, be indirect, wholly-owned subsidiaries of Cox.

The Merger is subject to consummation of the Pre-Merger Separation, other customary closing conditions, and applicable regulatory approval from the Federal Communications Commission ("FCC") among others. On May 17, 2021, the Parties filed a Joint Application with the FCC seeking consent to the transfer of control of indirect control of the Segra Commercial Licensees. The FCC considered these applications on a streamlined basis, and they were granted automatically pursuant to FCC rules effective July 6, 2021. *See* Public Notice, WC Docket No. 21-224 (rel. July 6, 2021); Public Notice, Report No. TEL-02109 (rel. July 8, 2021).

The Pre-Merger Separation. Shortly before the closing of the Merger, Transferor will engage in a series of *pro forma* transactions in order to facilitate the separation of Segra into distinct commercial and residential groups. Control of the Segra Commercial Licensees will then be transferred to Cox through the Merger between MTN Parent and Merger Sub, as described above. Segra's residential group will continue serving residential and small business

[11] This submission provides notice to the Commission of the transfer of control of the Licensees. The information presented here regarding Segra's residential segment is intended solely to provide context for the substantive transfer of control of the Segra Commercial Licensees.

customers in Virginia and North Carolina without interruption and without change to the rates, terms or conditions of such service, including the name of the carrier serving customers.[12]

The Pre-Merger Separation will take a number of steps which will involve *pro forma* transfers of control of the Segra entities that provide residential service to a newly formed subsidiary of MTN Infrastructure – Gridiron Fiber Holdings.

Please see the attached Exhibit A depicting the current structure of the entire Segra business, including both the commercial and residential groups, and also identifying the post-closing ownership of the Licensees after consummation of the Merger with Cox.

III. PUBLIC INTEREST CONSIDERATIONS

The Merger will generate substantial public interest benefits with no countervailing harms. The Merger will strengthen the Licensees by affiliating the company with Cox. Cox is a well-established company with stable management and significant capital resources. It has a record of investment in the deployment of advanced telecommunications facilities and a commitment to continuing to invest for the long-term. Cox's history as a pioneer in advanced and innovative services is undeniable. It was the first company to provide voice, video, and high-speed data services simultaneously over a cable platform. And as noted above, Cox has invested billions (with more to come) in its communities and infrastructure – including through the acquisitions and successful integrations of several other providers dedicated to serving commercial customers, such as EasyTel and UPN.

Thus, the Merger will significantly strengthen Cox's and the Licensees' ability to compete with the ubiquitous services offered by numerous well-capitalized, facilities-based competitors (including ILECs, CLECs, and other cable operators, as well as infrastructure-focused providers) in Kentucky. In particular, the combined company will be better able to compete for and serve multi-location and other business customers across the combined company's expanded footprint. The Merger also will provide the opportunity for significant savings and improvements in service quality through the reduction in reliance on third parties. These outcomes are routinely cited by regulators as important public interest benefits resulting from transactions like this one.[13]

There is little risk of competitive harm from the Merger. On a nationwide basis, Cox and the Licensees are nondominant carriers that operate largely complementary networks and compete with a significant number of nondominant carriers in their markets as well as incumbent LECs, which remain the dominant providers of business services in all of their markets. Further, the Merger will be seamless to the Licensees' current customers, who will continue to be served by those companies. And as noted above, the Merger will have no impact on any residential services or customers.

[12] For more information about the Segra residential business, please visit https://www.lumosnetworks.com.

[13] *See, e.g.*, *Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd 9581 ¶¶ 52, 57 (2017).

ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 5 of 11

IV. DESIGNATED CONTACTS

All correspondence and communications with respect to this Notice should be addressed or directed as follows:

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* * *

An original and two (2) copies of this letter are enclosed for filing. Please date-stamp the extra copy of this filing and return it in the envelope provided. If you have any questions regarding this notification, please contact the undersigned

ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 6 of 11

Respectfully submitted,

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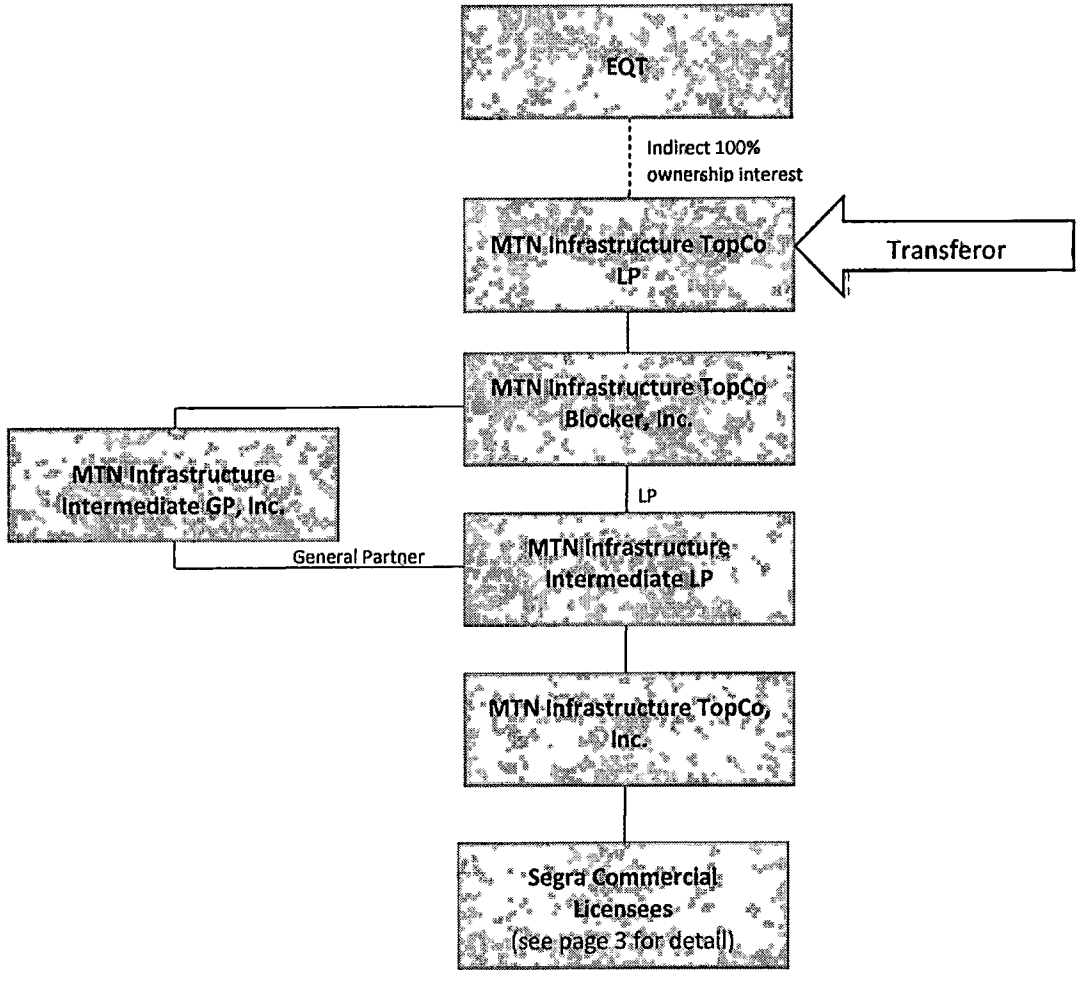
ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 7 of 11

EXHIBIT A

PRE- AND POST-CLOSING ORGANIZATIONAL DIAGRAMS

ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 8 of 11

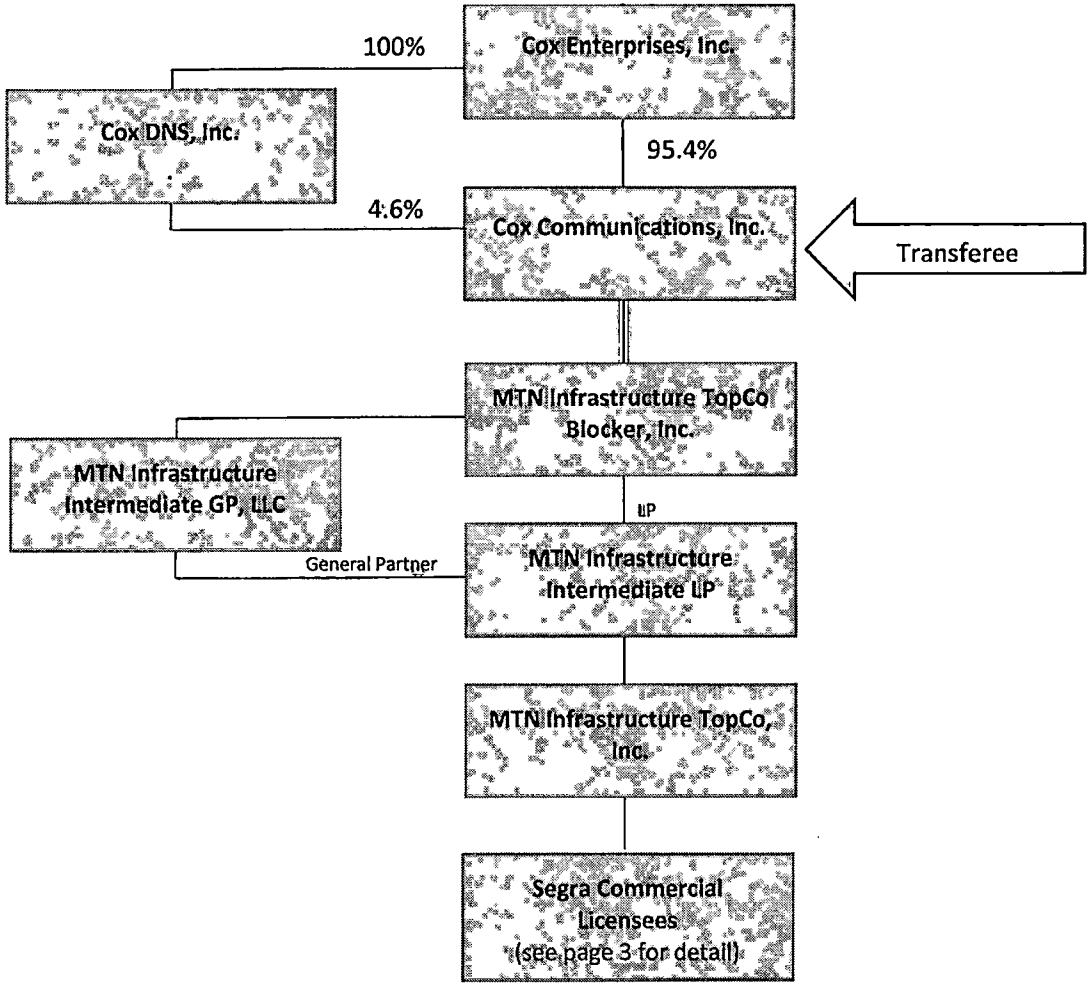
Exhibit A: Pre-Merger Ownership Structure of Segra Commercial Licensees



* The relevant ownership structure of EQT is a matter of record before the Commission and is not included on this chart because EQT will not hold an ownership interest in the Segra Commercial Licensees after the Merger is consummated.

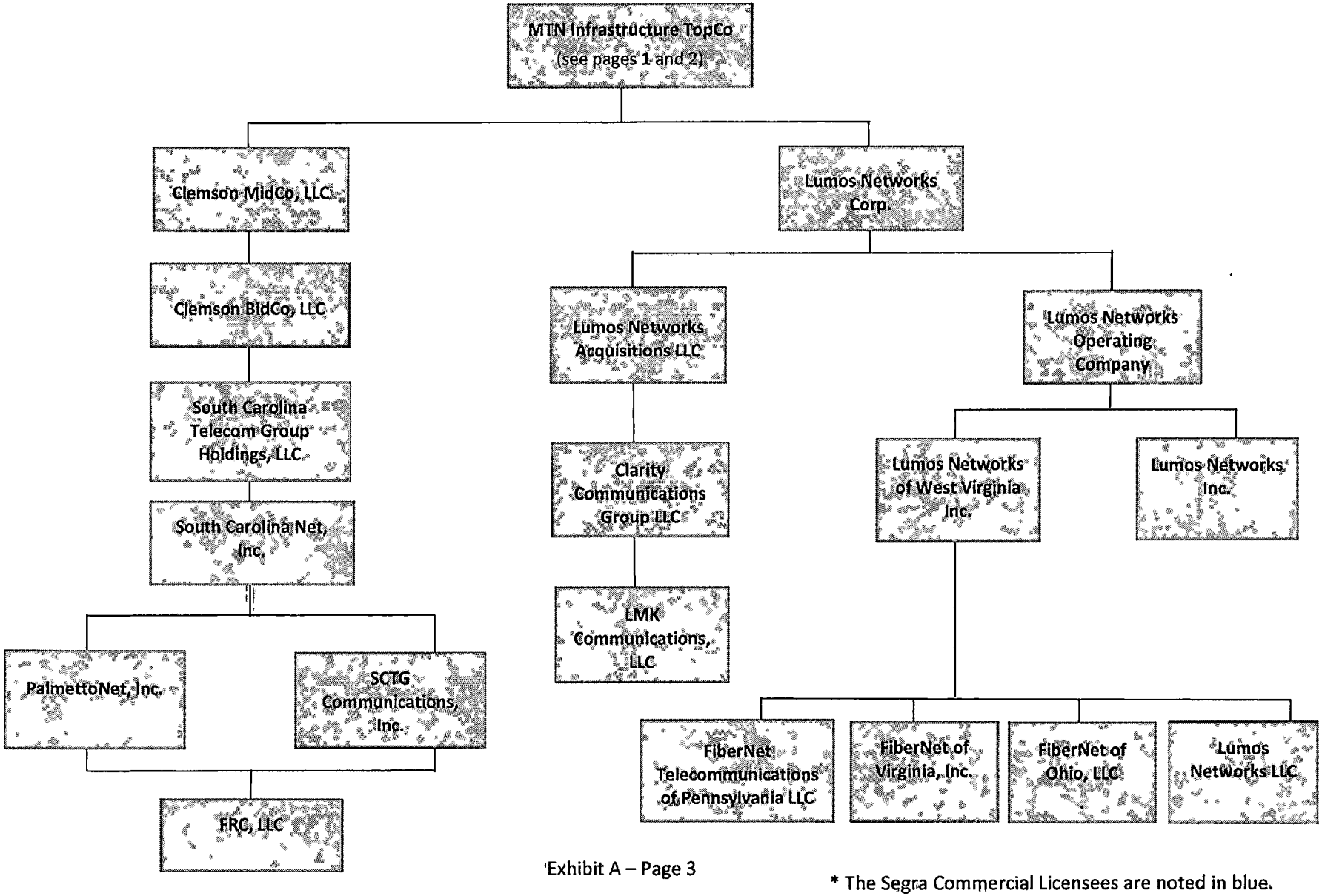
ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 9 of 11

Exhibit A: Post-Merger Ownership Structure of Segra Commercial Licensees



ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 10 of 11

Exhibit A: Pre- and Post- Merger Ownership Structure of Segra Commercial Licensees*



* The Segra Commercial Licensees are noted in blue. The Merger is not anticipated to result in any material changes to the ownership structure of the Segra Commercial Licensees as depicted herein.

ACCEPTED FOR PROCESSING - 2021 August 16 12:07 PM - SCPSC - 2000-536-C - Page 11 of 11