

Streamlined

ITC-STA-20130325-00088

IB2013000663

Blue Earth Valley Communications Inc

(Cannon Communications Corp)

Re: ITC-76-20130305-00091

Printed

APR - 4 2013

Policy Division  
International Bureau

date:

Expires June 3 2013  
authorized by:

Chief, Policy Div, IB

Jessie L. Barr

Signature

Applicant acknowledges the conditions of STA as stated in p. 2 of Attachment 1.

Attachment 1

Response to Item 10

Transferor Hector Communications Corporation ("Hector") and Transferee Blue Earth Valley Communications, Inc. ("Blue Earth Valley") request Special Temporary Authority ("STA") to permit continued international toll resale operations by Indianhead Communications Corporation ("Indianhead") and Cannon Communications Corporation ("Cannon"), which are former subsidiaries of Hector that hold International Section 214 Authorizations for Global Resale and which were distributed to Blue Earth Valley on December 31, 2012 pursuant to a reorganization under Section 355 of the Internal Revenue Code.

Specifically, Blue Earth Valley, Arvig Enterprises, Inc. ("Arvig"); and New Utm Telecom, Inc. ("New Utm"), which were each formerly 33.33 percent stockholders of Hector, decided to dissolve Hector and to distribute Hector's eleven operating subsidiaries (including Indianhead and Cannon) 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. As a result of the Hector reorganization: (a) six affiliates -- Granada Telephone Company, Hager Telecom, Inc., Indianhead Telephone Company, Pine Island Telephone Company, Cannon and Indianhead -- 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 affiliates -- Arrowhead Communications Corp., Eagle Valley Telephone Company, Felton Telephone Company and Lorelei Systems, Inc. -- was distributed to Arvig; and (c) Sleepy Eye Telephone Company was distributed to New Utm.

As 33.33 percent stockholders of Hector, Blue Earth Valley, Arvig and New Utm were involved in various aspects of the operations of the eleven affiliates prior to the reorganization. Subsequently, the Blue Earth Valley, Arvig and New Utm organizations are each involved in the management and supervision of all of the operations of the specific former Hector affiliates that were distributed to them in the reorganization. For Blue Earth Valley, these affiliates include Indianhead and Cannon.

During the course of the reorganization, 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 Utm, that the reorganization was a *pro forma* transaction among the existing and FCC-approved owners of Hector and did not require prior FCC approval. It was not until more than a month after the December 31, 2012 completion of the reorganization that one of Hector's stockholders mentioned the transaction in another context to FCC counsel, and was told that it may have required FCC consent or notice.

Applications for transfer of control of the International Section 214 Authorizations for Global Resale held by Indianhead (IB2013000523) and Cannon (IB2013000524) have been filed with the International Bureau, as well as appropriate applications with the Wireline Competition Bureau and the Wireless Telecommunications Bureau.

\*\*\*\*\* -COMM. JOURNAL- \*\*\*\*\* DATE APR-04-2013 \*\*\*\*\* TIME 16:12 \*\*\*\*\*

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