



Harter Secret & Emery LLP

ATTORNEYS AND COUNSELORS

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December 6, 2016

Submitted by:

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Filed Electronically Through Document and Matter Management System

Hon. Kathleen H. Burgess

Secretary to the Commission

New York State Public Service Commission

Agency Building 3

Albany, NY 12223-1350

Email: secretary@dps.ny.gov

Re: Case 15-C-_____. Joint Petition of Margaretville Telephone Co., Inc. and the Margaretville Telephone Co., Inc. Employee Stock Ownership Plan for Authority Under New York Public Service Law Sections 100, 101, 106 and 108 to Effect a Transfer of Control and to Accomplish the Proposed Transactions Described Herein

Dear Ms. Burgess:

Margaretville Telephone Co., Inc. (the "Company") and the Margaretville Telephone Co., Inc. Employee Stock Ownership Plan (the "Margaretville ESOP"), through the Company's

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counsel, Harter Secrest & Emery LLP, hereby file a redacted copy of the above-referenced Joint Petition with the New York State Public Service Commission (the "Commission").

Pursuant to such Joint Petition, the Company and the Margaretville ESOP respectfully request that the Commission grant the requisite authority and approvals under Sections 100, 101, 106 and 108 of the New York Public Service Law and the regulations of the Commission for the Company and the Margaretville ESOP, which currently owns 30% of the equity of the Company, to enter into and complete several related and interdependent proposed transactions by which the Margaretville ESOP will acquire a controlling interest of the Company, as more particularly described in the Joint Petition.

Portions of the above-described Joint Petition, including Exhibits A, B, C, D, F, G, I and J have been redacted and omitted to prevent disclosure of financial and account information that the Company considers competitively sensitive or otherwise protected from disclosure under applicable law. We have simultaneously filed, along with an unredacted copy of the Joint Petition, a request for trade secret protection and confidential treatment of the redacted items with Donna Giliberto of your Records Access Office. A copy of the cover letter accompanying that request is attached.

Please feel free to contact the undersigned at (585) 231-1254 should you have any questions or concerns about the Joint Petition or this letter.

Very truly yours,

Harter Secrest & Emery LLP



Edward H. Townsend

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Enclosures

cc: Thomas R. Anderson, Esq.
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Hon. Kathleen H. Burgess
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Page 3

Christine M. O'Connor, Esq.
Harter Secrest & Emery LLP [via email]

Douglas G. Hinkley,
President, Margaretville Telephone Co., Inc. [via email]

Kjersti Cory,
Vice President, GreatBanc Trust Company,
Trustee of the Margaretville Telephone Co., Inc. Employee Stock Ownership Plan
[via email]



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Re: Case 15-C-_____. Joint Petition of Margaretville Telephone Co., Inc. and the Margaretville Telephone Co., Inc. Employee Stock Ownership Plan for Authority Under New York Public Service Law Sections 100, 101, 106 and 108 to Effect a Transfer of Control and to Accomplish the Proposed Transactions Described Herein

REQUEST FOR TRADE SECRET STATUS

Dear Ms. Giliberto:

On behalf of Margaretville Telephone Co., Inc. ("Margaretville") and the Margaretville Telephone Co., Inc. Employee Stock Ownership Plan (together the "Petitioners"), Harter Secrest & Emery LLP attaches redacted and unredacted copies of the above-referenced Joint Petition and

hereby requests, pursuant to Public Officers Law Section 87(2) (“Section 87(2)”) and 16 NYCRR Section 6-1.3 (“Section 6-1.3”), trade secret protection and confidential treatment for a portion of the information contained in the Joint Petition (the “Confidential Information”). Redacted and unredacted versions of the Joint Petition are attached. A copy of this request along with the redacted version of the Joint Petition is being simultaneously filed with the Secretary to the New York Public Service Commission (the “Commission”). The Confidential Information qualifies for trade secret protection and confidential treatment for the reasons set forth below.

Section 87(2)(d) provides, in relevant part, that the Commission “may deny access to records or portions thereof that . . . are trade secrets or are submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise.” According to *Matter of Verizon New York Inc. v. New York Public Service Commission*,¹ trade secrets and disclosure of confidential commercial information causing “substantial competitive injury” are two separate exemptions under Section 87(2)(d).

I. Trade Secret

Under Section 6-1.3(a), a “trade secret” is defined as “any formula, pattern, device or compilation of information which is used in one’s business, and which provides an opportunity to obtain an advantage over competitors who do not know or use it.” Under Section 6-1.3(b)(2), factors to be considered in determining whether information constitutes a “trade secret” include the following:

- the extent to which the disclosure would cause unfair economic or competitive damage;
- the extent to which the information is known by others and can involve similar activities;

¹ 137 A.D.3d 66, 70 (App. Div. 3d, 2016).

- the worth or value of the information to the person and the person's competitors;
- the degree of difficulty and cost of developing the information;
- the ease or difficulty associated with obtaining or duplicating the information by others without the person's consent; and
- other statute(s) or regulations specifically excepting the information from disclosure.

The Confidential Information that was redacted from the Joint Petition discloses the Petitioners' non-public business and financial information. Disclosure of this information would cause substantial injury to the competitive position of, and unfair economic and competitive damage to, the Petitioners because it would reveal important business and financial information to competitors about the business and financial conditions and competitive abilities of Margaretville. Specifically, the Confidential Information includes information relative to Margaretville's current financial position, future financial projections and business strategy. Thus, the Confidential Information has significant worth value to both Margaretville and its competitors. Disclosure of this type of information to the public is prohibited, and trade secret status should be granted, so as to ensure that competitive balance among utility providers will be maintained.

II. Substantial Competitive Injury

Section 87(2)(d) protects from disclosure records "which if disclosed would cause substantial injury to the competitive position of the subject enterprise." The Confidential Information is critical to Margaretville's business and its competitive position. Any disclosure of the Confidential Information would cause substantial injury to Margaretville by disclosing strategic, business and financial information to Margaretville's competitors, thus granting such competitors an advantage over Margaretville. This information would not be otherwise publicly

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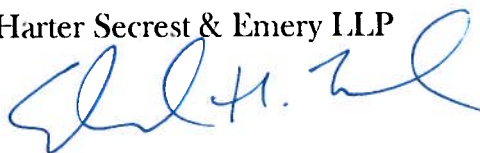
available from another source - and it is not available from Margaretville's competitors - but for Margaretville's filing with the Commission.

Because the redacted copy of the Joint Petition has been simultaneously filed with the Secretary to the Commission, we respectfully request an expedited review and determination of this Request for Confidential Treatment without the need for comprehensive briefing.

If you have any questions or require further information, please contact me.

Very truly yours,

Harter Secrest & Emery LLP



Edward H. Townsend

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Enclosures

cc: Thomas R. Anderson, Esq.
Harter Secrest & Emery LLP [via email]

Christine M. O'Connor, Esq.
Harter Secrest & Emery LLP [via email]

Douglas G. Hinkley,
President, Margaretville Telephone Co., Inc. [via email]

Kjersti Cory,
Vice President, GreatBanc Trust Company,
Trustee of the Margaretville Telephone Co., Inc. Employee Stock Ownership Plan
[via email]

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

)
Joint Petition of Margaretville Telephone Co., Inc. and)
the Margaretville Telephone Co., Inc. Employee Stock)
Ownership Plan for Authority Under New York Public)
Service Law Sections 100, 101, 106 and 108 to Effect) Case 15-C-_____
a Transfer of Control and to Accomplish the Proposed)
Transactions Described Herein)
)
Submitted by:)
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Margaretville Telephone Co., Inc. (“Margaretville”) and the Margaretville Telephone Co., Inc. Employee Stock Ownership Plan (the “Margaretville ESOP”) propose that the Margaretville ESOP, which currently owns 30% of the equity of Margaretville, will acquire a controlling interest in Margaretville. To that end, Margaretville, by its counsel, Harter Secrest & Emery LLP, and the Margaretville ESOP, by its independent trustee, GreatBanc Trust Company, hereby respectfully request that the New York State Public Service Commission (“Commission”) grant the requisite authority and approvals under the New York Public Service Law (“PSL”) and the regulations of the Commission for Margaretville to enter into and complete several related and interdependent proposed transactions, as more particularly described in this Joint Petition (the “Proposed Transactions”).

Margaretville respectfully submits that the Proposed Transactions are in the public interest because they will:

- free up additional cash flow to be used in Margaretville’s operations, as described in paragraph 10, which will allow Margaretville to competitively offer more and better communications services to its customers;
- expand the connection between the retirement benefits of the Margaretville ESOP’s participating employees and Margaretville’s business results, thus expanding the incentive for improving the financial health of Margaretville;
- place the Margaretville ESOP’s participating employees in beneficial ownership control of Margaretville, thus broadening and diversifying the beneficial ownership of Margaretville through the Margaretville ESOP’s participating employees;
- preserve independent and local ownership and control of Margaretville; and
- preserve management continuity and stability during the ownership control transition to the Margaretville ESOP and beyond.

It is contemplated that [REDACTED].

The Petitioners

1. Margaretville is a diversified, incumbent local exchange carrier with an office and principal place of business at 50 Swart Street, Margaretville, New York 12455. Margaretville serves approximately 2,425 access lines within its franchise territory in Delaware and Ulster Counties, New York as of November 16, 2016. Margaretville has a Certificate of Public Convenience and Necessity to provide local telephone service within its franchise territory. Margaretville has subsidiaries providing other telecommunications services in its franchise territory and surrounding area, as follows:

- (a) Margaretville’s wholly-owned operating subsidiary, Catskill Communications, Inc. d/b/a MTC Long Distance (“MTC Long Distance”), is a facilities-based common carrier and reseller of telephone services with approximately 1,540 customers in Delaware and Ulster Counties, New York as of November 16, 2016. MTC Long Distance is a competitive local exchange carrier and has a Certificate of Public Convenience and Necessity to operate as a facilities-based common

carrier and reseller of telephone services, including local exchange services (local dial-tone) within New York State.

- (b) Margaretville's wholly-owned operating subsidiary, Heart of the Catskills Communications, Inc. d/b/a MTC Cable ("MTC Cable"), is a cable television, digital phone (VOIP) and internet service provider with approximately 3,476 customers in Delaware, Greene, Schoharie and Ulster Counties, New York as of November 16, 2016. MTC Cable has the requisite Certificates of Convenience to provide cable television service in its territories. MTC Cable does not have a Certificate of Public Convenience and Necessity to provide voice over telephony service in the State of New York.
- (c) Margaretville has two additional subsidiaries, MTC North, Inc. and MTC South, Inc., which act as holding companies for various investments.

2. The Margaretville ESOP is an employee stock ownership plan, sponsored by Margaretville, and formed, effective January 1, 1985, and operated in compliance with the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") and the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Margaretville ESOP currently holds 30% of the common stock, no par value per share, of Margaretville (the "Company Stock"). After the Commission grants the requisite authority and approvals requested in this Joint Petition, and after completion of the Proposed Transactions, the Margaretville ESOP will hold [REDACTED] of the Company Stock. Margaretville has engaged an independent expert, SES Advisors, Inc. of Bala Cynwyd, Pennsylvania (the "Plan Consultant"), to provide consulting services to Margaretville, including financial analysis and advisory services.

Background

3. Margaretville was founded by John Birdsall in 1916, when he purchased 16 telephone lines from the New York Telephone Company. Today the consolidated Margaretville provides an array of telecommunications services to over 5,900 business and residential customers. Margaretville is currently owned and controlled by the fourth generation of the Birdsall family.

- 4. Larry S. Roadman ("Mr. Roadman") is the Chairman and Chief Executive Officer

of Margaretville. Mr. Roadman and his sister, Ms. Karen D. Harris (“Ms. Harris”), the Secretary and Treasurer of Margaretville, control three trusts that hold Company Stock (the trusts together with Ms. Harris, the “Sellers”). Together the Sellers hold 51.73% of the Company Stock, Mr. Roadman holds 18.27% of the Company Stock, and the Margaretville ESOP holds 30.00% of the Company Stock. After the Proposed Transactions are consummated, Mr. Roadman, Ms. Harris and one of the trusts controlled by Mr. Roadman and Ms. Harris will remain shareholders of Margaretville, as shown in the illustration below, and Mr. Roadman and Ms. Harris will remain involved in Margaretville’s management, as described in paragraph 36, thus retaining continuity in ownership and continuity in management.

[REDACTED]

5. Several years ago, Mr. Roadman and the Sellers informed Margaretville’s Board of Directors (the “Margaretville Board”) that they were contemplating the possibility of selling their Company Stock as part of their personal and retirement planning. The Margaretville Board recognized the need for succession planning for Margaretville’s management and ownership levels and immediately began investigating alternatives, including a sale of Margaretville.

- In the last three years, after extensive evaluation, consultation with independent experts and discussion among themselves, the Margaretville Board came to the conclusion that it would be in the best interests of Margaretville and all of its stakeholders (owners, employees and customers) to find a *solution* that would allow Margaretville to:
 - more strongly align the interests of employees with Margaretville’s financial and strategic goals;
 - diversify Margaretville’s beneficial ownership base going forward;
 - remain independent and locally owned for the foreseeable future; and
 - provide stability in management.
- That *solution* is an expansion of the Margaretville ESOP, whereby it will acquire a controlling interest in Margaretville.

The Margaretville ESOP

6. In early 1985 the Margaretville Board established a qualified employee stock ownership plan, namely, the Margaretville ESOP. Simply stated, the Margaretville ESOP is a tax-advantaged, qualified retirement plan that was created to incent employees of Margaretville

by allowing them to participate in the equity growth of Margaretville. Employees of Margaretville are eligible to participate in the Margaretville ESOP after they have completed at least [REDACTED] hours of service within [REDACTED] and have attained age [REDACTED], except that [REDACTED]. [REDACTED].

7. The Margaretville ESOP accounts of participating employees who are employed on December 31 and completed at least [REDACTED] hours of service within the calendar year are credited each December 31st with shares purchased and paid for by the Margaretville ESOP. The number of shares credited to a participating employee's account is [REDACTED]. Those shares are vested based on the number of years of service the employee has worked for Margaretville. After a participating employee's [REDACTED] year of service, he or she is completely vested in his or her account balance. Participants may diversify up to [REDACTED] of the total vested shares credited to their accounts upon the later of reaching age [REDACTED] and [REDACTED] years of service with Margaretville after the initial effective date of the Margaretville ESOP. [REDACTED].

8. At the employee's option, the Margaretville ESOP buys back the vested shares credited to a participant's account upon his or her separation from service. The employee can also choose to continue to hold the vested shares credited to his or her account. If the employee elects for the Margaretville ESOP to buy back the employee's vested shares, then the Margaretville ESOP pays the participant the then current value of the vested shares allocated to his or her account as retirement benefits over time; however, the Margaretville ESOP will pay the participant a lump sum if the value of his or her account is [REDACTED] or less. Thus, in effect, the Margaretville ESOP does, and will, continue to operate as an incentive plan for Margaretville's participating employees because it rewards them for making Margaretville more valuable.

9. Conceptually, the Margaretville Board believes that:

- linking employee retirement payments to the performance of Margaretville during their employment years optimally aligns employees with the financial and strategic goals of Margaretville, thereby providing for a more robust company, able to provide more and better communications solutions to its customers;
- the Margaretville ESOP diversifies Margaretville's beneficial ownership base;

and

- the Margaretville ESOP assures continued independence and local ownership of Margaretville.

10. [REDACTED].

11. As an employee benefit plan, the Margaretville ESOP is subject to the requirements of the Code and ERISA in the way the Margaretville ESOP is designed, implemented and administered. In essence, these statutes require that the Margaretville ESOP deal with Margaretville and the Sellers in a way that is no less favorable to the Margaretville ESOP than would apply in an arm's-length transaction. In accordance with the Code and ERISA, all of the Proposed Transactions must be approved by the Margaretville ESOP's independent trustee. The independent trustee has reviewed the terms of the Proposed Transactions and has concluded that the acquisition by the Margaretville ESOP of a controlling interest in Margaretville and consummation of the Proposed Transactions on the terms and conditions substantially consistent with those described in this Joint Petition (including the Exhibits) are in the best interests of the Margaretville ESOP's participants and beneficiaries as required by ERISA.

12. While the requirements of the Code and ERISA described in this Joint Petition are designed primarily to protect the Margaretville ESOP's participants and beneficiaries, Margaretville believes that these same requirements also safeguard the interests of Margaretville and its customers and other stakeholders because the Margaretville ESOP's participants and beneficiaries are critical to the future performance and success of Margaretville.

13. In accordance with the Code and ERISA, the Margaretville ESOP may not pay a purchase price for Company Stock that is greater than the fair market value of Company Stock as determined by an updated and recent valuation prepared by an independent appraiser as of the date of purchase. The independent trustee has retained an independent expert in business valuations, Empire Valuation Consultants, Inc. ("Empire"), to advise the Margaretville ESOP with respect to the fair market value of Company Stock. Empire has performed annual valuations of the Company Stock. To satisfy the requirements of the Code and ERISA, the independent trustee for the Margaretville ESOP will commission Empire to prepare an updated, and final, valuation report as of the Closing Date ("Closing Valuation") following Commission approvals

of the Proposed Transactions. The per share purchase price of Company Stock to be paid to the Sellers will be based on that Closing Valuation (instead of the Per Share Purchase Price calculated in paragraph 28), will not be greater than the fair market value determined by Empire, and must be accepted by the independent trustee and the Sellers.

14. Margaretville has retained an independent expert, the Plan Consultant, to advise Margaretville with respect to the potential repurchase liability of the Margaretville ESOP. Exhibit A shows the estimated anticipated payments that will be required by Margaretville to fund repurchases of Company Stock from terminated employees through 2025. As shown on Exhibit A, Margaretville is anticipated to have sufficient cash flow to fund such repurchases. Also, as shown on Exhibit A, [REDACTED].

15. As mentioned above, in addition to expanding the incentive-based retirement benefit for participant employees going forward, the expansion of the Margaretville ESOP will allow Margaretville to [REDACTED], which will free up additional cash for operations at Margaretville. Exhibit B illustrates the 10-year cash flow implications of closing the Proposed Transactions as calculated by the Plan Consultant and Margaretville's Controller. As shown in Exhibit B, the cumulative positive impact to Margaretville during such 10-year period is estimated to be [REDACTED].

Stock Split Prior to Consummating the ESOP Expansion

16. Margaretville currently has 1,500 shares of Company Stock authorized and 1,300 shares of Company Stock issued and outstanding. As the first step in implementing the Margaretville ESOP expansion, the Margaretville Board wants to increase the number of authorized shares of Company Stock to allow the Margaretville ESOP to credit whole shares to participating employees as opposed to fractional shares, which is administratively advantageous. The increase in authorized shares will be accomplished as follows:

- The number of authorized shares will be increased from 1,500 shares to 2,000,000 shares.
- Each share of issued and outstanding Company Stock will be split into 1,000 shares, increasing the number of shares of Company Stock issued and outstanding from 1,300 to 1,300,000.

Neither the increase in authorized shares nor the stock split will alter the relative ownership percentages of any current Margaretville shareholder, including the Margaretville ESOP. The figures that follow in this Joint Petition assume that the stock split has occurred.

Financing the ESOP Expansion

17. [REDACTED].
18. [REDACTED].
19. [REDACTED].
20. The table below provides a breakdown of the Sellers:

Seller	No. Shares of Company Stock Held by Seller	Approximate No. of Shares of Company Stock Being Sold
Ms. Harris	152,500	[REDACTED]
Dawn B. Roadman Irrevocable Trust	435,000	[REDACTED]
Karen D. Harris 2005 CR Unitrust II	50,000	[REDACTED]
Karen D. Harris 2005 CR Unitrust I	35,000	[REDACTED]
Total	672,500	[REDACTED]

21. [REDACTED].

Implementing the Margaretville ESOP Expansion

22. In this section of this Joint Petition, Co-Petitioners explain the Proposed Transactions, step-by-step, and identify the authority and approvals being requested.

23. By way of background, Co-Petitioners wish to emphasize that:

- Assuming the Commission grants the requisite authority and approvals, the Proposed Transactions will close essentially simultaneously and in the sequence described in this section of this Joint Petition.
- The Proposed Transactions are interdependent: all of them must close or none of them will close. Accordingly, Co-Petitioners respectfully request all requisite authority and approvals for all of the Proposed Transactions.
- Market conditions may change between the date of this Joint Petition and the Closing Date. Co-Petitioners respectfully request all requisite authority and

approvals for all of the Proposed Transactions even if the fair market value of Company Stock used on the Closing Date differs from the fair market value set forth in this Joint Petition, as described in paragraph 13.

Step 1: Amending Margaretville's Certificate of Incorporation (NYPSL Sections 108 and 101)

24. Margaretville currently has 1,500 shares of Company Stock authorized and 1,300 shares of Company Stock issued and outstanding. As the first step in implementing the Margaretville ESOP expansion, the Margaretville Board wants to increase the number of authorized shares from 1,500 shares to 2,000,000 shares, and to split each share of issued and outstanding Company Stock into 1,000 shares, resulting in 1,300,000 shares of Company Stock issued and outstanding. The increase in authorized shares will result in enough shares to allow the Margaretville ESOP to credit whole shares to participating employees as opposed to fractional shares, which is administratively advantageous. Neither the increase in authorized shares nor the stock split will alter the relative ownership percentages of any current Margaretville shareholder, including the Margaretville ESOP. The increase in authorized shares and the stock split will be accomplished by the filing by the Secretary of State of an amendment to Margaretville's certificate of incorporation substantially in the form of Exhibit E (the "Amendment") after the approving pass through vote of the Margaretville ESOP's participants (required under ERISA and the Code) and the approving vote of Margaretville's shareholders.

25. Before the Amendment can be presented to Margaretville's shareholders, the Commission must authorize and approve it under Section 108 of the PSL. Co-Petitioners respectfully request the Commission's authority and approval.

26. If the increase in authorized shares or the stock split is deemed by the Commission to be an issuance of stock that the Commission must authorize and approve under Section 101 of the PSL, then Co-Petitioners respectfully request the Commission's authority and approval.

Step 2: [REDACTED].

Step 3: [REDACTED]

28. The aggregate purchase price on the Closing Date will be [REDACTED] (the “Aggregate Purchase Price”), all of which will be paid [REDACTED]. As used in this Joint Petition, “Per Share Purchase Price” means the Aggregate Purchase Price divided by [REDACTED] (the approximate number of shares of Company Stock being purchased for the controlling interest); however, the actual Per Share Purchase Price will be determined by the independent trustee and Closing Valuation as required for the Margaretville ESOP’s purchase of Company Stock by ERISA and the Code, as described in paragraph 13. Using the Aggregate Purchase Price, the Per Share Purchase Price used for purposes of this Joint Petition is calculated as follows:

[REDACTED]

29. [REDACTED].

Step 4: The Sale of Equity (NYPSL Section 100)

30. The objective of the Proposed Transactions is for the Margaretville ESOP to purchase [REDACTED] shares of Company Stock from the Sellers to become the record owner of a controlling interest of [REDACTED] of the equity of Margaretville, constituting a controlling interest in Margaretville (the “Purchase”). The Purchase will be accomplished in a Stock Purchase Agreement substantially in the form of Exhibit F among Margaretville, the Margaretville ESOP and the Sellers involved in the Purchase (the “Stock Purchase Agreement”).

31. Pursuant to the Purchase, the Margaretville ESOP will purchase [REDACTED] shares of Company Stock for the Per Share Purchase Price under the Stock Purchase Agreement. The Purchase will result in the acquisition by the Margaretville ESOP of a controlling interest in Margaretville. At the conclusion of the Purchase, the Margaretville ESOP will own [REDACTED] of the equity of Margaretville, and the Sellers will have sold their Company Stock for the Aggregate Purchase Price of [REDACTED]. The Sellers will have received the Aggregate Purchase Price in the form of cash. The following illustration and table depict the stock ownership of Margaretville after the Proposed Transactions are consummated:

[REDACTED]

Seller	No. Shares of Company Stock Held Before Proposed Transactions	Approximate No. Shares of Company Stock Being Sold	Approximate No. Shares of Company Stock Held After Proposed Transactions	Shareholder Ownership Interest Before Proposed Transactions	Approximate Shareholder Ownership Interest After Proposed Transactions
Margaretville ESOP	390,000	N/A	[REDACTED]	30.00%	[REDACTED]
Mr. Roadman	237,500	0	[REDACTED]	18.27%	[REDACTED]
Ms. Harris	152,500	[REDACTED]	[REDACTED]	11.73%	[REDACTED]
Dawn B. Roadman Irrevocable Trust	435,000	[REDACTED]	[REDACTED]	33.46%	[REDACTED]
Karen D. Harris 2005 CR Unitrust II	50,000	[REDACTED]	[REDACTED]	3.85%	[REDACTED]
Karen D. Harris 2005 CR Unitrust I	35,000	[REDACTED]	[REDACTED]	2.69%	[REDACTED]
Total	1,300,000	[REDACTED]	1,300,000	100%	100%

32. Because the sale of Company Stock under the Stock Purchase Agreement effects a change of control of Margaretville, the Commission must first authorize and approve such sale and purchase under Section 100 of the PSL. Co-Petitioners respectfully request the Commission's authority and approval.

After the Closing of the Proposed Transactions

33. The following illustration depicts the Proposed Transactions.

[REDACTED]

34. [REDACTED].

35. So there will be continuity of management, (a) Mr. Roadman, Margaretville's current Chairman and Chief Executive Officer, will be named Chairman of the Margaretville Board, (b) Glen Faulkner, Margaretville's current General Manager, will be named Margaretville's President and Chief Executive Officer, (c) Don Bramley will continue as Margaretville's Controller, and (d) Mr. Roadman, Ms. Harris, Doug Hinkley and Glen Faulkner

will all continue to serve on the Margaretville Board. One additional independent director will be elected to the Margaretville Board within 120 days after the Closing Date.

Other Required Information

36. Pursuant to 16 NYCRR Sections 39.1(a), 37.1(a) and 56.1, Margaretville's statement of financial condition is attached as Exhibit G. Pursuant to 16 NYCRR Section 39.1(a), the statement of financial condition of the Margaretville ESOP is not required since it is not a public utility.

37. Pursuant to 16 NYCRR Section 39.1(b), the reasons why Margaretville and the Margaretville ESOP desire to consummate the Proposed Transactions are set forth in paragraphs 5-12 and 15.

38. Pursuant to 16 NYCRR Section 39.1(b), the Margaretville ESOP **[REDACTED]**.

39. Margaretville has only six shareholders of record. However, since Margaretville's common stock is not publicly traded, it is impracticable to set forth the market value of the stock as required by 16 NYCRR Section 39.1(c). Nevertheless, based on Empire's valuation report to date, Co-Petitioners project that as of the Closing Date, the value of the equity interest being purchased by the Margaretville ESOP will be approximately **[REDACTED]** per share. Margaretville paid dividends at the following rates per share on its common stock in each year from 2010 through 2015:

[REDACTED]

40. Pursuant to 16 NYCRR Sections 39.1(d), 37.1(m) and 3.1, the Joint Petitioners will file as a supplement to this Joint Petition the necessary transfer of control applications that require prior approval by the Federal Communications Commission ("FCC") before the Proposed Transactions can be consummated. No authorization and approval of the Proposed Transactions must be obtained from any other federal or state authorities before they can be consummated.

41. **[REDACTED]**.

42. **[REDACTED]**.

43. Pursuant to 16 NYCRR Section 37.1(o), attached hereto is an affidavit by the principal accounting officer of Margaretville certifying the items required to be certified under such Section.

44. Pursuant to 16 NYCRR Section 37.7, the proposed **[REDACTED]** constitutes the most advantageous terms obtainable to accomplish the Proposed Transactions.

45. Pursuant to 16 NYCRR Section 17.2, attached hereto as Exhibit H is a certified copy of the Certificate of Incorporation of Margaretville, together with a certified copy of each amendment to such certificate.

46. Pursuant to 16 NYCRR Section 620.1 et seq., Margaretville will file with the Commission the notice required under such Sections within the time and in the form specified in such Sections.

47. The approving resolutions of the Margaretville Board, in certified form, are attached hereto as Exhibit I. Kjersti Cory, Senior Vice President of GreatBanc Trust Company, acts for the Margaretville ESOP.

48. Margaretville's projected pro forma financial statements through 2025 are attached hereto as Exhibit J.

Conclusion

49. For all of the reasons stated above, the Joint Petitioners believe that the Proposed Transactions are in the public interest and should be approved by the Commission. Therefore, Joint Petitioners respectfully request an order of the Commission under all applicable sections of the New York Public Service Law authorizing and approving the Proposed Transactions and their consummation on the terms and conditions and for the purposes set forth in this Joint Petition. Market conditions may change between the date of this Joint Petition and the Closing Date. Co-Petitioners respectfully request all requisite authority and approvals for all of the Proposed Transactions even if the fair market value of Company Stock used on the Closing Date differs from the fair market value set forth in this Joint Petition, as described in paragraph 13.

Specifically, Co-Petitioners request an order under:

- Section 108 of the PSL, authorizing and approving an amendment to Margaretville's certificate of incorporation that will increase the number of

authorized shares of Company Stock and that will provide for a split of each issued and outstanding share of Company Stock into 1,000 shares; and

- Section 101 of the PSL, authorizing and approving the increase in authorized shares and the 1:1,000 Company Stock split, if the Commission deems such increase or split to be an issuance of stock; and
- Section 106 of the PSL, authorizing and approving [REDACTED]; and
- [REDACTED]; and
- Section 100 of the PSL, authorizing and approving the change of control of Margaretville contemplated by the Stock Purchase Agreement.

Co-Petitioners also request that the Commission grant such other and further relief as may be necessary and proper.

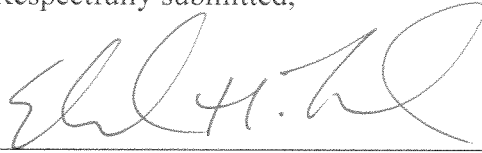
50. All communications and notices relating to this proceeding should be addressed to:

Edward H. Townsend, Esq.
Harter Secrest & Emery LLP
1600 Bausch & Lomb Place
Rochester, NY 14604
Tel. (585) 231-1254
Fax (585) 232-2152
etownsend@hselaw.com

[Signatures on three following pages.]

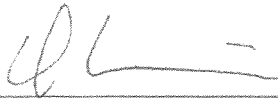
Dated: December 6, 2016

Respectfully submitted,

A handwritten signature in black ink, appearing to read "E.H. Townsend", written over a horizontal line.

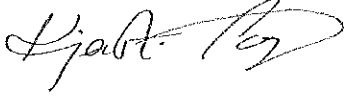
Edward H. Townsend, Esq.

THE MARGARETVILLE TELEPHONE CO., INC.

By:  _____

Name: Douglas G. Hinkley
Title: President

GREATBANC TRUST COMPANY,
solely in its capacity as the Trustee of the Margaretville
Telephone Co., Inc. Employee Stock Ownership Plan

By: 

Name: Kjersti Cory
Title: Senior Vice President

List of Exhibits

- Exhibit A — Repurchase Obligations
- Exhibit B — Future Estimated Cash Flows
- Exhibit C — Summary of Terms of the **[REDACTED]**
- Exhibit D — **[REDACTED]**
- Exhibit E — Amendment to Certificate of Incorporation
- Exhibit F — Stock Purchase Agreement
- Exhibit G — Statement of Financial Condition
- Exhibit H — Certificate of Incorporation of Margaretville
- Exhibit I — Resolutions of Margaretville
- Exhibit J — Pro Forma Financial Statements of Margaretville

Exhibit A

Repurchase Obligations

[REDACTED].

Exhibit B

Future Estimated Cash Flows

[REDACTED].

Exhibit C

Summary of Terms of the [REDACTED]

[REDACTED].

Exhibit D

[REDACTED].

Exhibit E

Amendment to Certificate of Incorporation

See attached.



CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
MARGARETVILLE TELEPHONE CO., INC.

(Insert the Current Name of Domestic Corporation)

Under Section 805 of the Business Corporation Law

FIRST: The current name of the corporation is:

Margaretville Telephone Co., Inc.

If the name of the corporation has been previously changed, the name under which it was originally formed is:

SECOND: The date of filing of the certificate of incorporation with the Department of State is:

July 15, 1955

THIRD: The amendment effected by this certificate of amendment is as follows:

The subject matter and full text of each amended paragraph must be stated.

FOR EXAMPLE, a certificate of amendment changing the name of the corporation would read as follows:

Paragraph FIRST of the Certificate of Incorporation relating to the name of the corporation is amended to read in its entirety as follows:

FIRST: The name of the corporation is (...new name...).

Paragraph THIRD of the Certificate of Incorporation relating to
the amount of the authorized capital stock of the corporation

is amended to read in its entirety as follows:

THIRD: The amendment shall increase the number of shares of Common Stock that the Corporation is authorized to issue from 1,500 shares, no par value per share, to 2,000,000 shares, no par value per share. Currently, 1,300 shares of Common Stock of the Corporation are issued and outstanding. In connection with the foregoing change, each one of the 1,300 issued and outstanding shares will be split at a ratio of 1,000:1

Paragraph _____ of the Certificate of Incorporation relating to

is amended to read in its entirety as follows:

FOURTH: The certificate of amendment was authorized by: *(Check the appropriate box)*

- The vote of the board of directors followed by a vote of a majority of all outstanding shares entitled to vote thereon at a meeting of shareholders.
- The vote of the board of directors followed by the unanimous written consent of the holders of all outstanding shares.

X

(Signature)

(Name of Signer)

(Title of Signer)

CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
MARGARETVILLE TELEPHONE CO., INC.

(Insert Current Name of Domestic Corporation)

Under Section 805 of the Business Corporation Law

Filer's Name _____

Address _____

City, State and Zip Code _____

NOTES:

1. The name of the corporation and its date of incorporation provided on this certificate must exactly match the records of the Department of State. This information should be verified on the Department of State's website at www.dos.ny.gov.
2. This form was prepared by the New York State Department of State. It does not contain all optional provisions under the law. You are not required to use this form. You may draft your own form or use forms available at legal stationery stores.
3. The Department of State recommends that all documents be prepared under the guidance of an attorney.
4. The certificate must be submitted with a **\$60** filing fee.

For Office Use Only

Exhibit F

Stock Purchase Agreement

[REDACTED].

Exhibit G

Statement of Financial Condition

[REDACTED].

Exhibit H

Certificate of Incorporation of Margaretville

See attached.

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
November 18, 2016.

A handwritten signature in black ink, appearing to read "B. Fitzgerald", written over a horizontal line.

Brendan Fitzgerald
Executive Deputy Secretary of State

CERTIFICATE OF INCORPORATION OF MARGARETVILLE TELEPHONE CO., INC.

Pursuant to the provisions of The Transportation Corporations Law.

We, the undersigned, desiring to form a telephone corporation pursuant to the provisions of The Transportation Corporations Law of the State of New York, do hereby make, subscribe and acknowledge this certificate for that purpose, as follows:

FIRST: The name of the proposed corporation is

MARGARETVILLE TELEPHONE CO., INC.

SECOND: The purposes for which this corporation is formed are as follows, to wit: To construct, own, use and maintain a line or lines of electric telephone wholly within or partly without the state, or to acquire and own any interest in any such line or lines, or any grants thereof or for any or all such purposes.

The general area to be served and the points to be connected are as follows: residences, offices, places of business and public buildings in the Villages of Margaretville and Andes; Towns of Middletown, Roxbury, Arkville and Malvestville, Delaware County, State of New York; and Town of Hardenbergh, Ulster County, State of New York.

THIRD: The amount of the capital stock shall be as follows:

The total number of shares authorized shall be Fifteen Hundred Shares; all shares of capital stock shall be of no par value.

The capital of the corporation shall be not less than One Hundred Thirty Thousand Dollars (\$130,000.00).

The capital of the corporation shall be at least equal to the sum of the aggregate par value of all issued shares having par value, plus the aggregate amount of consideration received by the corporation for the issuance of shares without par value, plus such amounts as from time to time, by resolution of the Board of Directors, may be transferred thereto.

FOURTH: The office of the corporation is to be located in the Village of Margaretville, County of Delaware, State of New York. The address to which the Secretary of State shall mail a copy of any process against the corporation which may be served upon him pursuant to law is

MARGARETVILLE, NEW YORK.

FIFTH: The duration of the corporation is perpetual.

SIXTH: The number of directors shall be not less than three and not more than seven.

SEVENTH: The names and post-office addresses of the directors until the first annual meeting of the stockholders are as follows:

NAMES:

Walden A. Birdsall
Madeline A. Birdsall
Sam A. Rodman

POST OFFICE ADDRESSES

Margaretville, New York
Margaretville, New York
2144 Fishburne Road,
Baltimore 12, Maryland.

79E-24-1

EIGHTH: The names and post office addresses of the subscribers of this certificate of incorporation and a statement of the number of shares which each agrees to take in the corporation are as follows:

<u>NAME</u>	<u>POST OFFICE ADDRESS</u>	<u>NUMBER OF SHARES</u>
Sheldon A. Birdsall	Margaretville, N. Y.	One
Madeline A. Birdsall	Margaretville, N. Y.	One
William J. Convery	#100 State Street, Albany, New York	One

NINTH: The Secretary of State is designated as the agent of the corporation upon whom process in any action or proceeding against it may be served within the State of New York.

TENTH: All of the subscribers of this certificate are of full age, and at least two-thirds of them are citizens of the United States, and that at least one of them is a resident of the State of New York and at least one of the persons named as a Director is a citizen of the United States and a resident of the State of New York.

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 13 day of July, 1955.

Sheldon A. Birdsall
Madeline A. Birdsall
William J. Convery

STATE OF NEW YORK)
COUNTY OF DELAWARE) ss:

On this 14th day of July, 1955, before me personally came Sheldon A. Birdsall and Madeline A. Birdsall, to me known to be the persons described in and who presented the foregoing certificate of incorporation and they thereupon severally acknowledged to me that they executed the same.

[Signature]
Notary Public - Del., Delaware County



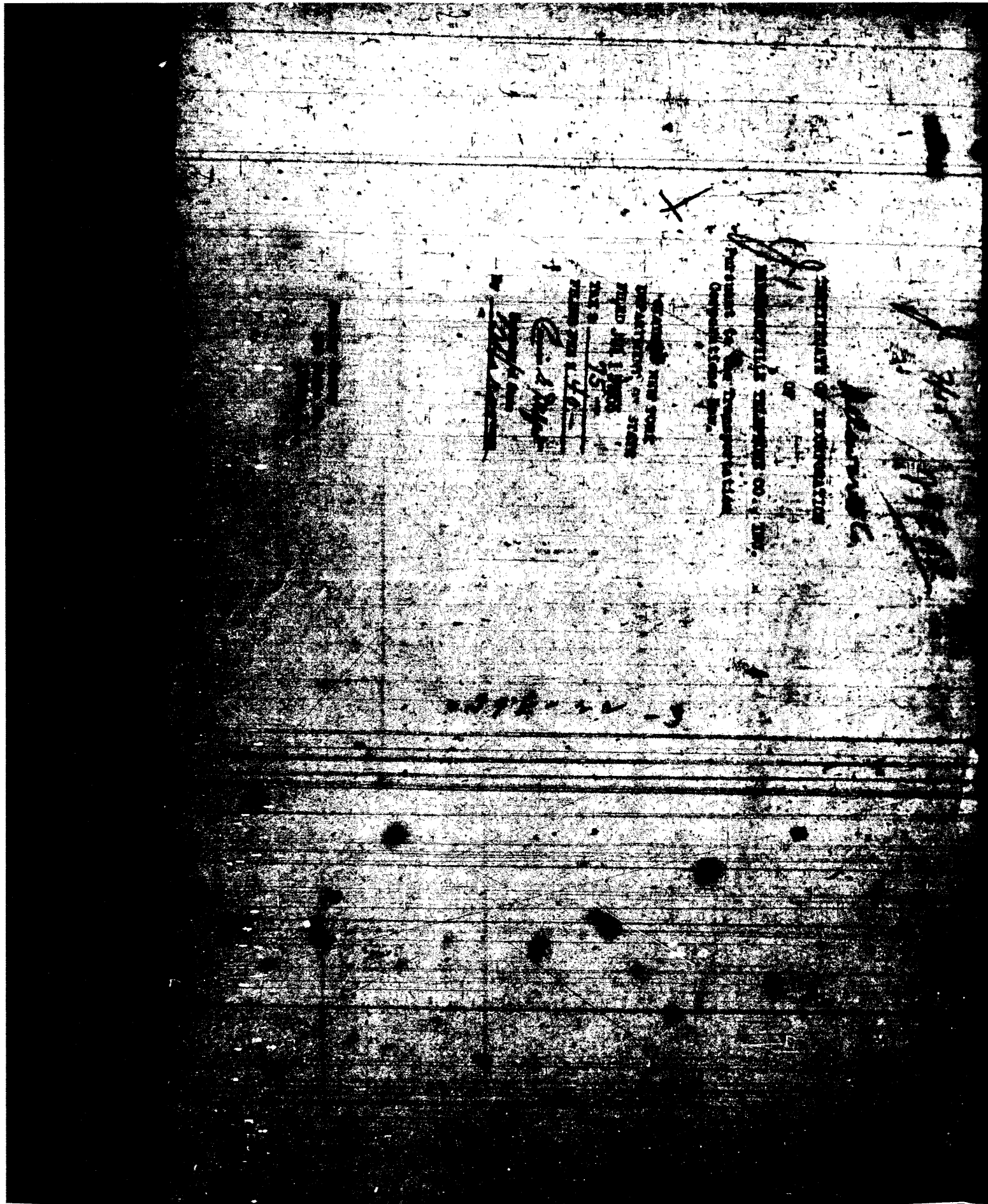
STATE OF NEW YORK)
COUNTY OF ALBANY) ss:

On this 15 day of July, 1955, before me personally came William J. Convery to me known to be the person described in and who presented the foregoing certificate of incorporation and he thereupon duly acknowledged to me that he executed the same.

[Signature]
Notary Public Albany County

MILDRED WHEEL
Notary Public in the State of New York
Residing in Albany County
My Commission expires March 24, 1957

79E-44-4



DOCUMENT IS VERY LIGHT/DARK ON FILM AND THIS IS THE BEST POSSIBLE COPY THAT CAN BE MADE.

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
November 18, 2016.



A handwritten signature in black ink, appearing to read "B. Fitzgerald", written over a horizontal line.

Brendan Fitzgerald
Executive Deputy Secretary of State

Original

CERTIFICATE OF
CERTIFICATE OF AMENDMENT OF INCORPORATION OF
MARGARETVILLE TELEPHONE CO., INC.

(pursuant to section 36 of the stock corporation law)

We, the undersigned, desiring to amend the Certificate of Incorporation of Margaretville Telephone Co., Inc., do hereby make, subscribe and acknowledge this Certificate of Amendment for that purpose, as follows:

FIRST: The name of the corporation is

MARGARETVILLE TELEPHONE CO., INC.

SECOND: The Certificate of Incorporation was filed in the office of the Secretary of State at Albany, New York, on the 15th day of July, 1955.

THIRD: The Certificate of Incorporation is amended to effect changes in the purposes of the Corporation.

FOURTH: The section entitled "SECOND" of the Certificate of Incorporation which sets forth the purposes for which the corporation is formed is hereby stricken from the Certificate of Incorporation and the following section is added to replace it:

The purposes for which this corporation is formed are as follows, to wit: To construct, own, use and maintain a line or lines of electric telephone wholly within or partly without the state, or to acquire and own any interest in any such line or lines, or any grants therefor or for any or all such purposes.

The general area to be served and the points to be connected are as follows: Residences, offices, places of business and public buildings in Villages of Margaretville and Andes, Towns of Middletown, Andes, Delhi, Bovina and Hamden in County of Delaware, State of New York; Towns of Denning and Hardenburg in County of Ulster, State of New York.

IN WITNESS WHEREOF, we have made, subscribed and acknowledged this certificate this 19th day of December 1955.

Sheldon A. Birdsall

Madeline A. Birdsall

William J. Convery

STATE OF NEW YORK)
COUNTY OF DELAWARE) ss:

On this 19th day of December 1955, before me personally came Sheldon A. Birdsall and Madeline A. Birdsall, to me known to be the persons described in and who executed the foregoing certificate of amendment of incorporation and they thereupon severally acknowledged to me that they executed the same.

William J. Convery
Notary Public Delaware County

STATE OF NEW YORK)
COUNTY OF ALBANY) ss:

On this 19th day of December 1955, before me personally came William J. Convery, to me known to be the person described in and who executed the foregoing certificate of amendment of incorporation and he thereupon duly acknowledged to me that he executed the same.

William J. Convery
Notary Public Albany County

5289

STATE OF NEW YORK)
COUNTY OF ALBANY) ss:

WILLIAM J. CONVERY, being duly sworn, deposes and says:

1. That he is one of the subscribers of the Certificate of Incorporation of Margaretville Telephone Co., Inc.
2. That no stock of the Margaretville Telephone Co., Inc., has been issued up to this date.
3. That Sheldon A. Birdsall, Madeline A. Birdsall and William J. Convery, who have executed the Certificate of Amendment of Certificate of Incorporation of Margaretville Telephone Co., Inc., (pursuant to Section 36 of the Stock Corporation Law) constitutes all of the subscribers of the Certificate of Incorporation and all of the subscribers to stock.

William J. Convery

Subscribed and sworn to
before me this 19th day of
December 1955.

Medard Muesel
Notary Public Albany County

New York

508.1 2.

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Albany, N. Y., February 1, 1956.

CASE 17439 - Petition of Sheldon A. Birdsall, doing business as Margaretville Telephone Exchange, for authority to transfer franchise, works and system to Margaretville Telephone Co., Inc. and for authority for Margaretville Telephone Co., Inc., to issue 1300 shares of no par common stock with a stated value of \$130,000 in exchange for said franchise, works and system. Petition filed January 23, 1956 for approval of a certificate amending the corporation's certificate of incorporation.

The Public Service Commission hereby consents to and approves this Certificate of Amendment of Certificate of Incorporation of Margaretville Telephone Co., Inc., pursuant to Section 36 of the Stock Corporation Law, executed December 19, 1955, - in accordance with the order of said Public Service Commission dated January 30, 1956.

By the Commission,



Secretary

5209-4

CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION

(pursuant to section thirty-six
of the stock corporation law)

OF

9.5

MARGARETVILLE TELEPHONE CO., INC.
STATE OF NEW YORK
DEPARTMENT OF STATE

FEB - 2 1956

TAX \$

FILED FEE \$

None

Carmin B. DiStasio
Secretary of State

BY *J. Conway*
STANLEY CONWAY

ATTORNEY AT LAW
100 STATE STREET
ALBANY, N. Y.

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
November 17, 2016.



A handwritten signature in black ink, appearing to read "B. Fitzgerald", written over a horizontal line.

Brendan Fitzgerald
Executive Deputy Secretary of State

Biennial Statement

For Internal Use Only

101818

Business Name:

MARGARETVILLE TELEPHONE CO., INC.

DOS ID: 101818

13071700	
Filed By: <i>X</i>	<i>2254</i>
Cash # (if different than film #): _____	
Required Fee:	\$9.00
Filing Period:	07/2013
(Make checks payable to the Department of State)	

ONLINE FILING:

- See reverse side for instructions. Please note Farm Corporations must file a paper form.

PAPER FILING:

- Farm corporations are exempt but must notify the Department by checking the Farm Corporation Exemption Box below, completing the signer information section and mailing this form to the Department of State at the address on the reverse side of this form. Forms may also be faxed to (518) 486-4680. No fee is required.
- All other corporations should provide or update information, if necessary, in Parts 1 through 3 below and complete the signer information section. Mail the form to the address on the reverse side of this form along with the filing fee. The fee is payable by check, VISA, MasterCard or American Express. Checks must be payable to the "Department of State". Credit Card/Debit Card Authorization forms can be found on our website at www.dos.ny.gov. This form, along with the Credit Card/Debit Card Authorization form, can also be faxed to (518) 486-4680.

Farm Corporation Exemption



Check if applicable

This is a farm corporation engaged in the production of crops, livestock and livestock products on the land used in agricultural production, as defined in Agriculture and Markets Law Section 301. Farm corporations are exempt from the Biennial Statement filing requirement.

Part 1 - Chief Executive Officer's Name and Business Address

LARRY S ROADMAN PO BOX 260 MARGARETVILLE NY 12455-0260	Name		
	Address		
	City	State	Zip Code

Part 2 - Street Address of Principal Executive Office (A Post Office Box cannot be used)

MARGARETVILLE TELEPHONE CO., INC. PO BOX 260 260 SWART STREET MARGARETVILLE NY 12455-0260	Address Line 1		
	Address Line 2		
	City	State	Zip Code

Part 3 - Service of Process Address (Address must be within the United States or its territories)

MARGARETVILLE TELEPHONE CO., INC. PO BOX 260 MARGARETVILLE NY 12455-0260	Name		
	Address		
	City	State	Zip Code

Signer Information

<i>Glen Faulkner</i> Name of Signer (Please Print)	Capacity of Signer (check one)	<i>Glen Faulkner</i> Signature
	<input checked="" type="checkbox"/> Officer <input type="checkbox"/> Director <input type="checkbox"/> Authorized Person	

Exhibit I

Resolutions of Margaretville

[REDACTED].

Exhibit J

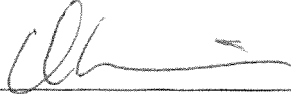
Pro Forma Financial Statements of Margaretville

[REDACTED].

STATE OF Florida) SS.:
COUNTY OF Sarasota)

VERIFICATION

Douglas G. Hinkley being duly sworn, deposes and says that he is President of Margaretville Telephone Co., Inc., a Co-Petitioner herein named; that he has read the foregoing Joint Petition and knows the contents thereof; that the information related to Margaretville is true of his own knowledge except as to those matters related to Margaretville therein stated to be alleged upon information and belief and that as to those matters he believes it to be true.



Douglas G. Hinkley, President

Subscribed and sworn to before me
this 29 day of November, 2016.



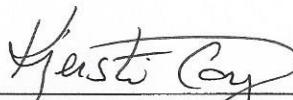
Notary Public



STATE OF MO) SS.:
COUNTY OF Camden)

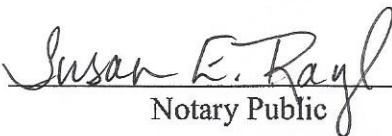
VERIFICATION

Kjersti Cory, being duly sworn, deposes and says that she is Senior Vice President of GreatBanc Trust Company, the independent trustee of the Margaretville Telephone Co., Inc. Employee Stock Ownership Plan (the "Margaretville ESOP"), a Co-Petitioner herein named; that she has read the foregoing Joint Petition and knows the contents thereof; that the information related to the Margaretville ESOP is true of her own knowledge except as to those matters related to the Margaretville ESOP therein stated to be alleged upon information and belief and that as to those matters she believes it to be true.



Kjersti Cory, Senior Vice President

Subscribed and sworn to before me
this 5th day of December, 2016.



Notary Public


CERTIFICATE OF PRINCIPAL ACCOUNTING OFFICER

I, Donald A. Bramley, in my capacity as Controller of Margaretville Telephone Co., Inc. ("Margaretville"), and not in my individual capacity, hereby certify that the accounts of Margaretville have been kept strictly in accordance with the accounting order or orders of the New York Public Service Commission applicable thereto, and that since the effective date of such orders there have been no charges to asset accounts not in accordance therewith and that all required credits to such asset accounts have been made for the amount and in the manner prescribed therefor in such accounting orders.

STATE OF NEW YORK) SS.:
COUNTY OF DELAWARE)

VERIFICATION

Donald A. Bramley being duly sworn, deposes and says that he is Controller of Margaretville Telephone Co., Inc.; that he has read the foregoing Certificate of Principal Accounting Officer and knows the contents thereof; that the information related to Margaretville is true of his own knowledge except as to those matters related to Margaretville therein stated to be alleged upon information and belief and that as to those matters he believes it to be true.



Donald A. Bramley, Controller

Subscribed and sworn to before me
this 2 day of December, 2016.



Notary Public

ANNE A. VAN LOAN
Notary Public, State of New York
No. 01VA022103
Qualified in Delaware County
Term Expires October 28, 2017