



PUBLIC NOTICE

Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
TTY 202 / 418-2555
Internet: <http://www.fcc.gov>
<ftp.fcc.gov>

DA 01-2815
Released: December 3, 2001

COMMISSION SEEKS COMMENT ON A JOINT APPLICATION FILED BY DSLnet COMMUNICATIONS, LLC AND VANTAGEPOINT VENTURE PARTNERS FOR INDIRECT TRANSFER OF CONTROL

PLEADING CYCLE ESTABLISHED

CC Docket No. 01-329

On November 9, 2001, DSLnet Communications, LLC (“DSLnet”) and VantagePoint Venture Partners (“VPVP”)¹ (together, “Applicants”), by their undersigned counsel and pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.01 of the Commission’s Rules, 47 C.F.R. § 63.01, request authority for the indirect transfer of control of DSLnet’s blanket domestic section 214 authority to VPVP.

As described more fully below, the indirect transfer of control will occur as a result of a private equity financing transaction whereby VPVP will acquire control of DSLnet’s holding company parent, DSL.net, Inc. (“Transaction”). As a result of the Transaction, VPVP will increase its ownership interest in DSL.net, Inc. from its current level of approximately 33.9 percent to approximately 71.1 per cent, and VPVP will have the ability to designate a majority of the Board of Directors of DSL.net, Inc. The equity financing transaction, therefore, will cause an indirect transfer of control of DSLnet to VPVP.

Applicants request expedited consideration of this application in order for DSLnet to “realize certain financial benefits that are essential to its continued operations.” Applicants state that “immediate receipt of the proceeds from the Transaction is critical,” and request that the public notice period for this application be shortened from 30 days to 14 days and that the Commission approve this application on an expedited basis to allow DSL.net, Inc. and VPVP to complete the proposed transaction as soon as possible.

¹ VPVP for purposes of this application is comprised of four affiliated private investment funds: VantagePoint Venture Partners III (Q), L.P., VantagePoint Venture Partners III, L.P., VantagePoint Communications Partners, L.P. and VantagePoint Venture Partners 1996, L.P. (collectively, the “VPVP Funds”).

VPVP is a member of a family of affiliated private investment funds with more than \$2.5 billion under management. DSLnet is a Delaware limited liability company with principal offices located at 545 Long Wharf Drive, Fifth Floor, New Haven, Connecticut. DSLnet's sole member and managing entity is DSL.net, Inc. DSLnet holds domestic interstate section 214 authority pursuant to blanket section 214 authority conferred by section 63.01 of the Commission's rules, 47 C.F.R. § 63.01. DSLnet is also authorized by various state public service commissions to provide facilities-based and/or resold local exchange and interexchange telecommunications services in 49 states plus the District of Columbia pursuant to certification, registration or tariff requirements, or on a deregulated basis.

By this application, DSLnet seeks Commission approval for an indirect majority transfer of control that will result from an equity financing transaction planned by DSLnet's parent holding company, DSLnet, Inc. Specifically, pursuant to agreements reached with VPVP, DSLnet, Inc. will issue and sell preferred stock and warrants to VPVP in exchange for VPVP providing \$15 million in equity financing to DSLnet, Inc. The investment will take place in three installments. As a result of the first installment, VPVP's ownership interest in DSLnet, Inc. will increase from approximately 33.9 percent to approximately 56.3 per cent. Following the second and third installments, VPVP's ownership interest in DSLnet, Inc. will be approximately 64.3 per cent and approximately 71.1 per cent, respectively. In addition, VPVP will have the ability to appoint a majority of the Board of Directors of DSLnet, Inc.

Both before and after the first installment, VPVP will have the latest controlling interest in DSLnet.net, Inc. However, because the Transaction will result in VPVP's ownership interest exceeding 50 per cent, the Transaction will also result in an indirect majority transfer of control of DSLnet. No other investor will acquire a ten per cent or greater controlling interest in DSLnet as a result of the Transaction.

Although the Transaction will result in an indirect transfer of control of DSLnet to VPVP, the Transaction will not involve a change in the name under or the manner in which DSLnet currently provides telecommunications services. Immediately following the Transaction, DSLnet will continue to offer the services it currently offers with no change in the rates or terms and conditions of service. DSLnet, moreover, will continue to be led by the same team of experienced telecommunications officers and personnel. The indirect transfer of control of DSLnet, therefore, will be transparent to consumers.

Applicants state that, through the proposed transaction, DSLnet will gain the opportunity to strengthen its competitive position through access to the increased financial resources of its parent, DSL.net, Inc. Moreover, the additional capital raised from the financing transaction will significantly enhance DSLnet's operational flexibility and efficiency, as well as its long-term financial viability. Applicants further assert that these enhancements will inure directly to the benefit of U.S. consumers of domestic interstate telecommunications services, and that the

Transaction will serve the public interest in promoting competition among domestic interstate carriers by providing DSLnet with the opportunity to enhance its working capital and strengthen its competitive position.

DOMESTIC SECTION 214 APPLICATION

Part 63 – Domestic Service (47 C.F.R. § 63.01)

DSLnet Communications, LLC and VantagePoint Venture Partners request authorization for an indirect transfer of control.

GENERAL INFORMATION

The transfer of control request identified herein has been found, upon initial review, to be acceptable for filing. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file petitions to deny within 14 days following the release of this Public Notice.² Final action will not be taken on the applications earlier than 15 days following the date of this Public Notice.³

All filings concerning any or all matters in this Public Notice should refer to **CC Docket No. 01-329**. An original and 4 copies of all pleadings, in accordance with Section 1.51(c) of the Commission's rules, 47 C.F.R. § 1.51(c), must be filed with the Commission's Secretary, Magalie Roman Salas, 445 12th Street, S.W., TW-B204, Washington, D.C. 20554. In addition, one copy of each pleading must be delivered to each of the following: (1) Qualex International, Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C., 20554, telephone (202) 863-2893, facsimile (202) 863-2898; (2) Janice Myles, Common Carrier Bureau, 445 12th Street, S.W., 5-B145, Washington, D.C. 20554; (3) Nandan Joshi, Office of General Counsel, 445 12th Street, S.W., 8-A820, Washington, D.C. 20554; (4) William Dever, Common Carrier Bureau, 445 12 Street, S.W., 5-C266, Washington, D.C. 20554.

In addition to filing paper pleadings, parties may also file pleadings using the Commission's Electronic Comment Filing System (ECFS). *See* Electronic Filing of Documents in Rulemaking Proceedings, 63 Fed. Reg. 24,121 (1998). Pleadings filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, filers must transmit one electronic copy of the pleading to each docket or rulemaking number. Parties may also submit an electronic pleading by Internet e-mail. To obtain filing instructions for e-mail pleadings, parties should send an e-mail to

² *See, e.g.*, 47 C.F.R. § 63.52(c).

³ *See* 47 C.F.R. § 63.52(b).

ecfs@fcc.gov, and include the following words in the body of the message, “get form <your e-mail address>.” A sample form and directions will be sent in reply. This document may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C., 20554, telephone (202) 863-2893, facsimile (202) 863-2898, or via e-mail qualexint@aol.com.

For further information, contact Tracey Wilson, at (202) 418-1394 or Bill Dever, Policy and Program Planning Division, Common Carrier Bureau at (202) 418-1578.