PUBLIC NOTICE

Federal Communications Commission
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DA 02-503
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COMMISSION SEEKS COMMENT ON APPLICATIONS FOR CONSENT TO TRANSFER CONTROL FILED BY McLEOD USA INC.

PLEADING CYCLE ESTABLISHED

CC Docket No. 02-44

Comments/Petitions Due: March 31, 2002
Responses/Oppositions to Petitions Due: April 10, 2002

On February 21 and 22, 2002, McLeodUSA, Inc. ("McLeod"), McLeodUSA, Inc., Debtor-in-Possession ("McLeod DIP"), and Forstmann Little and Co. ("Forstmann Little")[1] (collectively, "Applicants") filed applications pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended ("Communications Act"), 47 U.S.C. §§ 214, 310(d), requesting Federal Communications Commission ("Commission") approval to transfer control to Forstmann Little of Commission licenses and authorizations held by McLeod DIP and its subsidiaries to provide domestic and international communications services pursuant to parts 22, 63, and 90 of the Commission's rules.[2] Specifically, Applicants request Commission approval to transfer control of wireless licenses, domestic, and international authorizations held by McLeod

[1] For purposes of this Public Notice, Forstmann Little is defined to include: Forstmann Little & Co. Equity Partnership-VII, L.P. ("Equity-VII"); Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VIII, L.P. ("MBO-VIII"); Forstmann Little & Co. Equity Partnership-V, L.P. ("Equity-V"); Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VI, L.P. ("MBO-VI"); and Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VII, L.P. ("MBO-VII").

[2] *See* Application for Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, to Transfer Indirect Control of Authorized U.S. Domestic Interstate Carriers, CC Docket No. 02-44 (filed Feb. 22, 2002) (*Domestic 214 Application*); Applications of McLeodUSA, Inc., Debtor-in-Possession, for Consent to Transfer Control, ULS File Nos. 0000780266, 0000780484, 0000780578, 0000780722, and 0000780857 (filed Feb. 22, 2002) (*Wireless Applications*); Application for Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, to Transfer Indirect Control of Authorized U.S. International Carriers (filed Feb. 22, 2002) (*International 214 Application*).

DIP and its subsidiaries.[3]

McLeod was formed in 1991 and is a publicly traded Delaware corporation. Through its subsidiaries, McLeod provides integrated communications services, including interstate services, primarily in 25 states. McLeod filed for Chapter 11 bankruptcy protection on January 31, 2001.[4] McLeod's Chapter 11 reorganization plan proposes, upon consummation, that Forstmann Little will own approximately 57 percent of the reorganized McLeod common stock.[5] The partnerships of Forstmann Little are members of a family of affiliated private investment funds. The Applicants emphasize that the transfer of control described herein will not involve a change in the names under which the McLeod Operating Companies currently respectively operate and will be seamless and transparent to the McLeod Operating Companies' interstate customers, in terms of the services they receive. Applicants also assert that the proposed transaction will ensure the provision of innovative, high quality telecommunications services to the public and should promote competition in the U.S. domestic telecommunications service market.

Applicants state that, as part of the proposed transaction, Gordon A. Holmes, a citizen of Ireland, will be a general partner of certain limited partnerships that in turn will serve as general partners of four of the five entities seeking approval to acquire ultimate control of McLeod.[6] Applicants state that when the ownership interests of Mr. Holmes in these limited partnerships are added together, his interests total to a less than 0.25 percent indirect interest in McLeod upon consummation of the proposed transaction.[7] The Applicants further submit that Mr. Holmes's interests are consistent with the restrictions on foreign ownership in section 310(b) of the Act, 47 U.S.C. § 310(b), pursuant to *In Re Applications of Algreg Cellular Engineering*.[8] In the alternative, the Applicants request that Mr. Holmes's proposed acquisition of an indirect ownership interest in McLeod be found to be in the public interest.[9]

The Applicants seek expedited treatment of this application in order to permit the consummation of the proposed transaction.[10] We decline to provide an abbreviated comment

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[3] The McLeod subsidiaries include: McLeodUSA Telecommunications Services, Inc.; CapRock Telecommunications Corp.; IWL Communications, Inc. d/b/a CapRock Services Corp.; McLeodUSA Telecom Development, Inc.; McLeodUSA Public Services, Inc.; and Spacelink Systems, Inc. (collectively, the "McLeod Operating Companies").

[4] On February 21, 2002, McLeod filed applications notifying the Commission of the involuntary transfer of control of its five subsidiaries holding licenses under Parts 22, 27, 90, and 101 of the Commission's rules to McLeod DIP. *See* ULS File Nos. 0000780408, 0000780194, 0000780220, 0000780224, and 0000780457.

[5] *See Domestic 214 Application* at 3, 4-5; Wireless Applications, Exhibit 1 at 1-2.

[6] *See* ULS File Nos. 0000780578, 0000780722., Foreign Ownership Exhibit at 1-2.

[7] *Id*.

[8] *Id*; *see also Applications of Algreg Cellular Engineering*, Memorandum Opinion and Order, 12 FCC Rcd 8148 (1997).

[9] *See* ULS File Nos. 0000780578, 0000780722, Foreign Ownership Exhibit at n.1.

[10] *See Domestic 214 Application* at 2; Wireless Applications, Exhibit 1 at 1.

period of 15 days, as requested, because the Applicants have filed applications pursuant to Title III, which require a minimum 30-day review period by statute before a transfer of control may take place.

The applications for transfer of control listed below are a non-exhaustive list of the authorizations and license applications involved in this transaction. Interested parties should refer to the applications filed in CC Docket No. 02-44 for a complete listing of licenses and authorizations.

TRANSFER OF CONTROL APPLICATIONS

SECTION 310 APPLICATIONS

Parts 22, 27, 90, and 101 – Wireless Services

The following applications for consent to transfer control from McLeod DIP to Forstmann Little have been assigned the following file numbers.

File Number	Licensee	Lead Call Sign
0000780266	Greene County Partners	WPIA949
0000780484	McLeod Community Telephone, Inc.	KRK754
0000780578	McLeodUSA, Inc., Debtor-in-Possession	WPOL244
0000780722	McLeodUSA, Telecommunications Services, Inc.	KWH311
0000780857	IWL Communications, Inc.	WPNI627

Part 25 – Satellite Communications

The following applications for consent to transfer control from McLeod to Forstmann Little have been assigned the following file numbers.

File Number	Licensee	Lead Call Sign(s)
SES-T/C-20020225-00222	IWL Communications, Inc.	E980249
SES-T/C-20020225-00223	IWL Communications, Inc.	E860151, E960242, E960243, E990073

SES-T/C-20020225-00229	McLeodUSA Telecom Development, Inc.	E000255, E000260 E970192
SES-T/C-20020225-00256	Spacelink Systems, Inc.	E910605, E910607, E910608, E910609, E910610, E910611, E910606

STREAMLINED INTERNATIONAL SECTION 214 APPLICATIONS

Part 63—International Service (47 C.F.R. § 63.18)

The applications listed below for consent to transfer control to Forstmann Little of international section 214 authority held by McLeodUSA Telecommunications Services, Inc., CapRock Telecommunications Corp., and IWL Communications, Inc. d/b/a CapRock Services Corp., subsidiaries of McLeod, have been found, upon initial review, to be acceptable for filing and subject to the streamlined processing procedures set forth in section 63.12 of the Commission's rules.[11] These applications are for authority under section 214 of the Communications Act,[12] to transfer control of a section 214 authorization for international global resale, as specified below. These applications are eligible for streamlined processing, and may be removed from streamlined processing only in the sound discretion of Commission staff. The filing of comments or of petitions to deny will not necessarily result in the application being deemed ineligible for streamlined processing.

Streamlined grant of these applications is conditioned, however, upon Applicants' agreement not to transfer these authorizations unless and until the Commission grants the related domestic section 214 and wireless license transfer applications. Streamlined grant would in no way prejudge the outcome of the pending domestic section 214 and wireless transfer applications.

File Number	Authorization Holder	Authorization
ITC-T/C-20020225-00087	McLeodUSA Telecommunications Services, Inc.	ITC-93-311
ITC-T/C-20020301-00088	CapRock Telecommunications Corp.	ITC-95-237
ITC-T/C-20020301-00089	IWL Communications, Inc. d/b/a	ITC-94-208

[11] 47 C.F.R. § 63.12.

[12] 47 U.S.C. § 214.

CapRock Services Corp.

DOMESTIC SECTION 214 APPLICATION

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

McLeod and Forstmann Little have filed a joint application pursuant to section 214 for Forstmann Little to acquire and operate domestic transmission lines held by McLeod and its subsidiaries.

GENERAL INFORMATION

The transfer of control applications identified herein have 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. Final action will not be taken on the applications earlier than 31 days following the date of this Public Notice. Interested parties may file comments or petitions to deny on or before **March 31, 2002**. Oppositions or responses may be filed no later than **April 10, 2002**.

All filings concerning any or all matters in this Public Notice should refer to **CC Docket No. 02-44**. Due to the threat of contamination that resulted in the disruption of regular mail, the Commission released on November 29, 2001, an Order[13] temporarily amending certain procedural rules on an emergency basis. Pleadings must be filed electronically (*i.e.,* by e-mail or facsimile), by overnight delivery service, or by hand delivery to the Commission's Massachusetts Avenue location.[14]

- **If filed electronically** by e-mail, pleadings shall be filed at the following e-mail addresses: WTBSecretary@fcc.gov; IBSecretary@fcc.gov; and CCBSecretary@fcc.gov. Please also copy all those listed below. For security purposes, it is recommended that documents filed via electronic mail be converted to PDF format.

- **If filed by facsimile,** pleadings shall be faxed to (202) 418-0187. The fax transmission should include a cover sheet listing contact name, phone number, and an e-mail address (if available).

- **If filed by hand delivery,** documents shall be delivered to the Commission's

[13] *See Implementation of Interim Electronic Filing Procedures for Certain Commission Filings,* Order, FCC 01-345 (rel. Nov. 29, 2001).

[14] *See FCC Announces a New Filing Location for Paper Documents and a New Fax Number for General Correspondence*, Public Notice, DA 01-2919 (rel. Dec. 14, 2001).

contractor, Vistronix, at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. All hand deliveries must be held together with rubber bands or fasteners, and any envelopes must be disposed of before entering the building.

- **If filed by overnight delivery service** other than U.S. Postal Service (USPS) Express Mail and Priority Mail, filings must be addressed to 9300 East Hampton Drive, Capitol Heights, MD 20743. USPS first-class mail, Express Mail, and Priority Mail should continue to be addressed to the Commission's headquarters at 445 12th Street, S.W., Washington, D.C. 20554.

In addition, one copy of each pleading must be sent to each of the following:

(1) the Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: (202) 863-2893.

(2) John Branscome, Commercial Wireless Division, Wireless Telecommunications Bureau, 445 12th Street, S.W., Room 4-A161, Washington, D.C. 20554; e-mail: jbransco@fcc.gov.

(3) Imani Ellis-Cheek, Telecommunications Division, International Bureau, 445 12th Street, S.W., Room 6-A739, Washington, D.C. 20554; e-mail: iellis@fcc.gov.

(4) JoAnn Lucanik, Satellite and Radiocommunication Division, International Bureau, 445 12th Street, S.W., Room 6-C416, Washington, D.C. 20554; e-mail: jlucanik@fcc.gov.

(5) Brian O'Donnell, Public Safety and Private Wireless Division, Wireless Telecommunications Bureau, 445 12th Street, S.W., Room 4-A123, Washington, D.C. 20554; e-mail: bodonnel@fcc.gov.

(6) Aaron Goldberger, Policy and Program Planning Division, Common Carrier Bureau, 445 12th Street, S.W., Room 5-A266, Washington, D.C. 20554; e-mail: agoldber@fcc.gov;

(7) Bill Dever, Policy and Program Planning Division, Common Carrier Bureau, 445 12th Street, S.W., Room 5-C266, Washington, D.C. 20554; e-mail: wdever@fcc.gov; and

(8) Nandan Joshi, Office of General Counsel, 445 12th Street, S.W., Room 8-A820, Washington, D.C. 20554; e-mail: njoshi@fcc.gov.

Copies of the application and any subsequently-filed documents in this matter may be obtained from Qualex International, in person at 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, via telephone at (202) 863-2893, via facsimile at (202) 863-2898, or via e-mail at qualexint@aol.com. The applications and any associated documents are also available for public inspection and copying during normal reference room hours at the following Commission office: FCC Reference Information Center, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. The applications are also available electronically through the

Commission's Electronic Comment Filing System (ECFS) and the Wireless Telecommunications Bureau's Universal Licensing System, which may be accessed on the Commission's Internet website at http://www.fcc.gov.

In addition to filing paper comments, parties may also file comments using the ECFS.[15] Comments filed through the ECFS can be sent as an electronic file via the Internet to http://www.fcc.gov/e-file/ecfs.html. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To obtain filing instructions for e-mail comments, commenters should send an e-mail to 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.

For further information, contact Aaron Goldberger, Policy and Program Planning Division, Common Carrier Bureau at (202) 418-1580.

[15] *See* Electronic Filing of Documents in Rulemaking Proceedings, 63 Fed. Reg. 24,121 (1998).