



PUBLIC NOTICE

Federal Communications Commission
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DA 04-2529
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DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF ICG COMMUNICATIONS, INC. AND ITS OPERATING SUBSIDIARIES TO MCCC ICG HOLDINGS, LLC

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 04-290

Comments Due: August 27, 2004
Reply Comments Due: September 3, 2004

On July 21, 2004, MCCC ICG Holdings LLC (“Buyer”), ICG Communications, Inc. (“ICG”) and ICG’s operating subsidiaries¹ (collectively the “Applicants”), filed an application pursuant to sections 63.03 and 63.04 of the Commission’s rules,² requesting approval to transfer control of the ICG Operating Companies from ICG to Buyer.³ Buyer is a newly-formed holding company that is currently owned by two families of investment companies, M/C Venture Partners and Columbia Capital.

¹ ICG’s wholly owned operating subsidiary, ICG Telecom Group, Inc. (formerly known as ICG Access Services, Inc.), holds international Section 214 authority. In addition, the following ICG entities hold domestic blanket Section 214 authority: ICG Telecom Group, Inc., ICG ChoiceCom, L.P., and ICG Telecom Group of Virginia, Inc. These international and domestic Section 214 holders are referred to herein collectively as “ICG Operating Companies.”

² 47 C.F.R §§ 63.03, 63.04; *see* 47 U.S.C. § 214.

³ Applicants are also filing an application for consent to transfer control of authorization for international and wireless services. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications. In addition, ICG is separately seeking Commission approval to discontinue the provision of local exchange, domestic and international long distance, primary rate interface, dedicated Internet access, special access/private line service provided over ICG facilities, and high-speed data transmission services in the District of Columbia, Illinois, Maryland, Massachusetts, New Jersey, New York, Utah, Virginia, and Washington. *See Comments Invited on Application of ICG Telecom Group, Inc. and ICG Telecom Group of Virginia, Inc. to Discontinue Domestic Telecommunications Services*, Public Notice, WC Docket No. 04-310, Comp. Pol. File No. 689, DA 04-2491 (rel. Aug. 6, 2004).

Applicants assert that this transaction is entitled to presumptive streamlined treatment under section 63.03(b)(2)(i) of the Commission’s rules because: (a) the proposed transfer will result in the transferee having a market share in the interstate, interexchange market of less than 10%; (b) the transferee will provide competitive telephone exchange services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction; and (c) neither of the applicants is dominant with respect to any service.⁴

ICG is a widely-held Delaware corporation which provides communications and information services over a nationwide fiber-optic data and voice network through the ICG Operating Companies. The majority of these services are provided through ICG Telecom Group, Inc. (“ICG Telecom”), a Colorado corporation which is a wholly-owned subsidiary of ICG Holdings, Inc.⁵ ICG Telecom holds domestic blanket Section 214 authority, and is authorized to provide local and/or intrastate long distance services in every state except Texas, Virginia and Alaska. In addition, ICG also provides service through two regional providers, ICG ChoiceCom, L.P., (“ICG ChoiceCom”) and ICG Telecom Group of Virginia, Inc. (“ICG-Virginia”). ICG ChoiceCom is a Delaware limited partnership owned in approximately equal parts by ICG Telecom and ICG Equipment Inc.⁶ ICG ChoiceCom is a provider of domestic interstate services which holds authority to provide local exchange and intrastate interexchange telecommunications services in Texas. ICG-Virginia is a Virginia public utility corporation and wholly-owned subsidiary of ICG Telecom. In addition to holding blanket domestic Section 214 authority, ICG-Virginia is authorized to provide resold and facilities-based interexchange and local exchange service in Virginia.

Buyer is a newly formed limited liability company organized under the laws of the State of Delaware. Buyer is jointly majority-owned by two families of investment companies, M/C Venture Partners (“M/C Venture”) and Columbia Capital, each of which will hold a 50% interest in Buyer. As a part of the transaction, management of Buyer will receive options, the exercise of which could reduce the interests of M/C Venture and Columbia Capital to as low as 41.25% each.

M/C Venture is a family of investment companies which specializes in investing in early-stage communications and related information technology companies. M/C Venture’s interest in Buyer is expected to be held principally by M/C Venture Partners V, L.P., a Delaware limited partnership (47%).⁷ The following entities will own or control 10% or more of M/C Venture: California Public Employees Retirement System (12%); California State Teachers Retirement System (14%); and M/C Venture Partners V, LLC (general partner). M/C Venture Partners V

⁴ 47 C.F.R. § 63.03(b)(2)(i).

⁵ ICG Holdings, Inc. is wholly-owned by ICG.

⁶ ICG Equipment, Inc. is a wholly-owned direct subsidiary of ICG.

⁷ M/C Venture’s remaining interest will be held by two other funds, M/C Venture Investors, L.L.C. and Chestnut Venture Partners, Inc.

LLC is controlled by James F. Wade, David D. Croll and Peter H.O. Claudy, all of whom are U.S. citizens. M/C Venture also currently holds significant interests in several other telecommunications related businesses, including Cavalier Telephone Corporation (47%), Florida Digital Network, Inc. (52%), NewSouth Communications Inc. (17%), Coral Wireless, LLC (28%) and Elantic Telecom, Inc. (67%).⁸

Columbia Capital is a venture capital firm which specializes in the communications and information technology industries. Columbia Capital's interest in ICG will be divided among several entities, principally, Columbia Capital Equity Partners III (QP), L.P., a Delaware limited partnership (27%), and Columbia Capital Equity Partners III (Cayman), L.P., a Cayman Islands exempt limited partnership (15%).⁹ Columbia Capital Equity Partners (Cayman) III, Ltd. owns or controls 10% or more of Columbia Capital Equity Partners III (Cayman), L.P. Columbia Capital Equity Partners III L.P. is the sole shareholder of Columbia Capital Equity Partners (Cayman) III Ltd., and is the general partner of Columbia Capital Equity Partners III (QP), L.P. Columbia Capital Equity Partners III L.P. is owned or controlled by Columbia Capital III, LLC, which is in turn controlled by James B. Fleming, Jr., R. Philip Herget, III, and Harry F. Hopper, III, all of whom are U.S. citizens. Columbia Capital also holds non-controlling interests in Dominion 700, Inc. (33%), Coral Wireless, LLC (27%), WCS Wireless, LLC (33%) and Florida Digital Network, Inc. (13%).

On July 19, 2004, Applicants entered into an Agreement and Plan of Merger ("Agreement") pursuant to which Buyer will acquire ownership of ICG. Currently, ICG, which is widely held, is the ultimate holding company of the ICG family of companies. Through the Agreement, MCCC Merger Corp. ("MCCC"), a newly-created acquisition subsidiary wholly owned by Buyer, will be merged with and into ICG. As a result of the transaction, ICG will become a wholly-owned direct subsidiary of Buyer, and Buyer will acquire indirect control over the ICG Operating Subsidiaries. The Applicants propose to complete a series of transactions ("Transactions") whereby Buyer will acquire ICG, and thus indirect ownership and control of the ICG Operating Companies. In particular, through the Agreement and Plan of Merger, Buyer's wholly-owned subsidiary, MCCC Merger Corp., will be merged with and into ICG, under the laws of the State of Delaware, with ICG being the surviving entity. As a result of that merger, ICG will become a wholly-owned subsidiary of Buyer. All of the Transactions will be completed at the holding company level, and consummation will not result in any transfer or assignment of the operating authorities held by the ICG Operating Companies. The ICG Operating Companies will continue to conduct their respective operations in substantially the same manner and under substantially the same management team as those operations are currently conducted.

⁸ M/C Venture-affiliated funds also hold minor interests in Metro PCS, Inc. Collectively, those interests are approximately 8%.

⁹ In addition, Columbia Capital Equity Partners III (AI), L.P., Columbia Capital Investors III, L.L.C., and Columbia Capital Employee Investors III, L.L.C. will each hold interests of less than 10%.

The Applicants assert that the proposed transfer of control is in the public interest because it will provide ICG and the ICG Operating Companies access to greater financial and managerial resources which will allow the ICG companies to better assess and implement their business strategies going forward. Access to those resources will ensure that ICG and the ICG Operating Companies will be in a position to continue to provide high quality services to existing customers. Furthermore, the Applicants assert that immediately after the Transactions are consummated, customers of the ICG Operating Companies will continue to receive service under the same rates, terms and conditions as currently apply.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. 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 **comments on or before August 27, 2004 and reply comments on or before September 3, 2004.**¹⁰ Unless otherwise notified by the Commission, Applicants are permitted to transfer assets on the 31st day after the date of this notice.¹¹ Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

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 referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send e-mail to ecfs@fcc.gov, and should include the following words in the subject line "get form <your e-mail address>." A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this

¹⁰ See 47 C.F.R. § 63.03(a).

¹¹ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

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

- (1) The Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, S.W., Room CY-B402, Washington, DC 20554, www.bcpiweb.com; phone: (202) 488-5300 fax: (202) 488-5563;
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C212, Washington, D.C. 20554; e-mail: tracey.wilson-parker@fcc.gov;
- (3) Alex Johns, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-B418, Washington, D.C. 20554; e-mail: alexis.johns@fcc.gov;
- (4) Julie Veach, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C124, Washington, D.C. 20554; e-mail: julie.veach@fcc.gov;
- (5) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; email: susan.o'connell@fcc.gov; and
- (6) James Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: james.bird@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone: (202) 488-5300, fax: (202) 488-5563, or via e-mail www.bcpiweb.com.

For further information, please contact Tracey Wilson, at (202) 418-1394, or Alex Johns at (202) 418-1167.

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