



# PUBLIC NOTICE

Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

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Internet: <http://www.fcc.gov>  
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**DA 05-666**  
**Released: March 11, 2005**

## **DOMESTIC SECTION 214 APPLICATION FILED FOR ACQUISITION OF ASSETS OF AT&T CORP. AND AT&T COMMUNICATIONS OF THE MOUNTAIN STATES, INC. BY MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.**

### **STREAMLINED PLEADING CYCLE ESTABLISHED**

**WC Docket No. 05-93**

**Comments Due: March 25, 2005**

**Reply Comments Due: April 1, 2005**

On March 4 2005, McLeodUSA Telecommunications Services, Inc. (“McLeodUSA”) and AT&T Corp. and AT&T Communications of the Mountain States, Inc. (“AT&T-MTN”) (collectively, “AT&T” or “Transferors”), filed an application pursuant to sections 63.03 and 63.04 of the Commission’s rules<sup>1</sup> requesting authority for AT&T to transfer to McLeodUSA its customer base and associated customer account information (“Customer Assets”) for certain customers located in Colorado. The Section 214 authorizations currently held by the Transferors will continue to be held by the Transferors following consummation of the proposed transaction.<sup>2</sup>

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(2)(i) of the Commission’s rules because immediately following the transactions, (1) Applicants and their affiliates (as defined in Section 3(1) of the Communications Act) combined will hold less than a 10% share of the interstate, interexchange market; (2) Applicants and their affiliates will provide local exchange service only in areas served by dominant local exchange carriers, none of which is a party to the proposed transaction; and (3) none of the Applicants or their affiliates is dominant with respect to any service.<sup>3</sup>

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<sup>1</sup> 47 C.F.R. §§ 63.03, 63.04; *see* 47 U.S.C. § 214.

<sup>2</sup> Applicants have also filed a transfer of control application related to international switched services currently provided by McLeodUSA on a resold basis. Any action on this domestic 214 application is without prejudice to Commission action on other related, pending applications.

<sup>3</sup> 47 C.F.R. § 63.03(b)(2)(i).

AT&T Corp., a publicly-traded New York corporation, provides domestic and international long distance, regional and local communications services, data and Internet communications services throughout the U.S., including domestic and international long distance services to Colorado customers. AT&T-MTN, a Colorado corporation, is an operating subsidiary of AT&T Corp. AT&T and McLeodUSA are parties to a market trial agreement pursuant to which AT&T-MTN currently provides local exchange services to certain customers in Colorado through UNE-L provided by McLeodUSA. AT&T and McLeodUSA have agreed to an amendment to their market trial agreement providing for the transfer of this customer base and associated account information.

McLeodUSA is an independent competitive telecommunications services provider organized under Iowa law that offers integrated local, long distance, wireless, data, Internet and advanced communications services to homes and businesses in 25 states.<sup>4</sup> McLeod USA is wholly-owned by McLeod USA Holdings, Inc., a U.S. corporation, which is, in turn, wholly-owned by McLeod USA Incorporated, also a U.S. corporation. Forstmann Little & Co., a U.S. investment firm, holds a 61% interest in McLeod USA Incorporated, through five affiliated funds, three of which hold a 10% or greater interest in McLeod USA Incorporated: Forstmann Little & Co. Equity Partnership-V, L.P. (12%); Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VII, L.P. (18%); and Forstmann Little & Co. Equity Partnership-VII, L.P. (15%).<sup>5</sup>

The proposed transaction does not involve the transfer of any network facilities or telecommunications equipment, nor does it involve the transfer or assignment of either of Transferors' domestic Section 214 authorizations. The proposed transfer will not require the submission or any service change orders to affected customers' existing arrangements because the services currently being provided to affected customers are provisioned using UNE loops connected to McLeodUSA's network. Consequently, with the exception of the change in name of the carrier on the bills that will be sent to affected customers, the proposed transfer of these customer accounts will be seamless and transparent in terms of the services these customers currently receive.

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<sup>4</sup> McLeodUSA's 25-state footprint consists of: Arizona, Arkansas, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, Ohio, Oklahoma, Oregon, North Dakota, South Dakota, Texas, Utah, Washington, Wisconsin, and Wyoming.

<sup>5</sup> The sole general partner of Forstmann Little & Co. Equity Partnership-V, L.P. is FLC XXX Partnership. L.P., which is controlled by four general partners, Theodore J. Forstmann, Sandra J. Horbach, Thomas H. Lister, and Winston W. Hutchins, all of whom are U.S. citizens. The sole general partner of Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VII, L.P. is FLC XXXIII Partnership. L.P., which is controlled by seven general partners, Theodore J. Forstmann, Sandra J. Horbach, Thomas H. Lister, Winston W. Hutchins, and Jamie C. Nicholls, all of whom are U.S. citizens, and Gordon A Holmes, a citizen of the Republic of Ireland, and T. Geoffrey McKay, a citizen of Canada. The sole general partner of Forstmann Little & Co. Equity Partnership-VII, L.P. is FLC XXXII Partnership. L.P., which is controlled by seven general partners, Theodore J. Forstmann, Sandra J. Horbach, Thomas H. Lister, Winston W. Hutchins, and Jamie C. Nicholls, all of whom are U.S. citizens, and Gordon A Holmes, a citizen of the Republic of Ireland, and T. Geoffrey McKay, a citizen of Canada.

The Applicants state that the proposed transaction will serve the public interest by enhancing choice for telecommunications consumers. Specifically, the proposed transaction will benefit consumers by enhancing McLeodUSA's ability to offer a broad range of domestic telecommunications products and services. By enhancing McLeodUSA's ability to provide innovative and diversified services, and to expand its operations in a cost-effective manner, the proposed asset transfer will enable McLeodUSA to strengthen its competitive position. These enhancements in turn will ultimately inure to the benefit of consumers, by promoting innovation and furthering competition among providers in the domestic and international telecommunications marketplace. Moreover, the Applicants assert that affected AT&T customers will be given prior written notice of the transfer of their accounts to McLeodUSA. Following the proposed transaction, these customers will continue to receive the same services they currently receive, and will be supported by McLeodUSA's experienced and well-qualified management team. As a result, the proposed transfer will be virtually transparent to the customers in terms of the rates and terms and conditions of service that these customers currently receive.

### **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 March 25, 2005** and **reply comments on or before April 1, 2005**.<sup>6</sup> Unless otherwise notified by the Commission, Applicants are permitted to transfer the stock and related control on the 31<sup>st</sup> day after the date of this notice.<sup>7</sup> 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](mailto: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,

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<sup>6</sup> See 47 C.F.R. § 63.03(a).

<sup>7</sup> Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

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 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, SW, Room CY-B402, Washington, DC 20554, [www.bcpweb.com](http://www.bcpweb.com); phone: (202) 488-5300 fax: (202) 488-5563;
- (2) Tracey Wilson-Parker Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C212, Washington, D.C. 20554; e-mail: [tracey.wilson-parker@fcc.gov](mailto:tracey.wilson-parker@fcc.gov);
- (3) Alex Johns, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C317, Washington, D.C. 20554; e-mail: [alexis.johns@fcc.gov](mailto:alexis.johns@fcc.gov)
- (4) Terri B. Natoli, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C234, Washington, D.C. 20554; e-mail: [terri.natoli@fcc.gov](mailto:terri.natoli@fcc.gov);
- (5) Susan O'Connell, Policy Division, International Bureau, 445 12<sup>th</sup> Street, S.W., Room 7-B544, Washington, D.C. 20554; email: [susan.o'connell@fcc.gov](mailto:susan.o'connell@fcc.gov); and
- (6) James Bird, Office of General Counsel, 445 12<sup>th</sup> Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: [james.bird@fcc.gov](mailto: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, 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.bcpweb.com](http://www.bcpweb.com).

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

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