



PUBLIC NOTICE

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DA 06-628
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DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF ELECTRIC LIGHTWAVE, LLC TO INTEGRA TELECOM HOLDINGS, INC.

NON-STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 06-62

Comments Due: April 3, 2006

Reply Comments Due: April 10, 2006

On March 6, 2006, Electric Lightwave, LLC (“ELI”) and Integra Telecom Holdings, Inc. (“Integra”) (collectively, the “Applicants”), filed an application, pursuant to section 63.04 of the Commission’s rules,¹ requesting authority to transfer control of ELI to Integra.²

Applicants acknowledge that that this transaction may not be entitled to presumptive streamlined treatment under section 63.03(b)(2) of the Commission’s rules. According to Applicants, immediately following consummation of the transaction, Integra and its subsidiaries will hold less than a 10% share of the interstate, interexchange market and will provide competitive telephone services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction;³ in addition, neither the Applicants nor any of their affiliates are dominant with respect to any U.S. domestic telecommunications service.⁴ However, affiliates of both ELI and Integra are incumbent LECs that have, in combination, fewer than 2% of the nation’s subscriber lines installed in the aggregate nationwide, but also

¹ 47 C.F.R. § 63.04; *see* 47 U.S.C. § 214.

² Applicants are also filing applications for transfer of control associated with authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related, pending applications.

³ Except for certain services ELI currently provides in certain service areas of its incumbent local exchange carrier (“LEC”) affiliates, which will no longer be affiliated with ELI after the transaction is completed.

⁴ 47 C.F.R. § 63.03(b)(2)(i).

have adjacent service areas.⁵ Specifically, an affiliate of ELI, Frontier Communications of Minnesota (“Frontier-MN”), is an incumbent LEC in Minnesota whose Lakeville, Burnsville, Jordan and Belle Plaine exchanges are adjacent to the service area of Scott-Rice Telephone Company (“SRTC”), an incumbent LEC affiliate of Integra.⁶ Because the Applicants have adjacent service areas, this application is not subject to streamlined treatment.⁷

ELI, a limited liability company organized under the laws of Delaware, provides local telephone, data, network, and long distance services to small and medium enterprise businesses, carriers, and the e-commerce market. In parts of the western United States, ELI offers business customers a full range of services, including local phone service, switched and dedicated long distance, private networks, and advanced data and Internet access services.⁸ Nationwide, ELI offers long distance, data, Internet access and broadband transport services. ELI is authorized to provide telecommunications services in every state. ELI provides its domestic interstate services pursuant to blanket domestic Section 214 authority, and provides international services pursuant to its international Section 214 authorization to provide resold public switched services and global resale services. ELI is wholly-owned by CU Capital LLC (“CU Capital”), a Delaware limited liability company, which is, in turn, wholly-owned by Citizens Communications Company (“Citizens”), a widely-held, publicly-traded Delaware corporation, with no individual shareholder holding a 10% or greater interest in it. No other entity holds a 10% or greater direct or indirect interest in ELI.

Integra, an Oregon corporation, provides local telephone service, long distance and international calling, and high-speed Internet access to small and mid-sized businesses through its operating subsidiaries. Integra’s subsidiaries hold competitive LEC licenses to operate as facilities-based providers in Idaho, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wisconsin (resale only). In addition, SRTC, an incumbent LEC subsidiary of Integra, operates in Minnesota. Integra serves over 300,000 access line equivalents across its operating area. Integra subsidiaries provide interstate services pursuant to blanket domestic Section 214 authority, and provide international services pursuant to their parent’s international Section 214. Integra is a wholly-owned subsidiary of Integra Telecom, Inc., also an Oregon corporation. The following entities own or control a 10% or greater direct or indirect interest in Integra Telecom: Boston Ventures Limited Partnership V, a

⁵ 47 C.F.R. § 63.03(b)(2)(iii).

⁶ Applicants assert that Frontier-MN and SRTC will remain unaffiliated following completion of the proposed transaction and, therefore, the fact that their service areas are partially adjacent does not negatively affect the public interest. In addition, ELI does not offer retail services in Minnesota, but does offer certain wholesale services. To the extent this adjacency disqualifies the Application from presumptive streamlined treatment, Applicants request streamlined treatment on the case-by-case approach.

⁷ See 47 C.F.R. §§ 63.03(b)(2)(iii), 63.03(b)(3), and 63.03(c)(1); *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, 17 FCC Rcd 5517, 5534 (2002), para. 32.

⁸ ELI’s current full service markets include Portland, Oregon; Seattle, Washington, Sacramento, California, Phoenix, Arizona, Salt Lake City, Utah; and Boise, Idaho.

U.S. entity (40%); Nautic Partners, L.L.C., a U.S. entity (26.4%); and Bank of America Capital Investors, LP, a U.S. entity (21.1%). Boston Ventures Limited Partnership V is owned by the New York State Common Retirement Fund, an entity organized under New York law (11.1%) and BV Group Trust, a Massachusetts entity (12.5%).⁹ Nautic Partners LLC holds its 26.4% interest through a number of managed entities, only one of which holds 10% or more of Integra Telecom: Fleet Growth Resources III, Inc., a Rhode Island entity and subsidiary of Bank of America Corporation (13.14%).¹⁰ Bank of America Capital Investors LP is owned by the following entities: BA Equity Investors, Inc., a Delaware entity (99.5% limited partnership), and Banc of America Capital Management LP, also a Delaware entity (0.5% general partnership). BA Equity Investors is wholly-owned by Bank of America Corporation, also a Delaware entity. No single entity or individual owns 10% or more of Bank of America corporation. Banc of America Capital Management LP is held by the following entities, all U.S. citizens: J. Travis Hain (13.3% limited partnership); W. W. Walker, Jr. (14.3% limited partnership); Ann H. Browning, (13.3% limited partnership); George E. Morgan, III (13.3% limited partnership); Walker E. Poole (13.3% limited partnership); Robert H. Sheridan III (13.3% limited partnership); and BACM I GP, LLC (1% general partnership).

In order to consummate the proposed transaction, Applicants entered into a Membership Interest Purchase Agreement (“Agreement”) on February 6, 2006. Pursuant to the Agreement, Integra will purchase from CU Capital all of the issued and outstanding membership interests in ELI, and will thereby become the sole controlling member of ELI. Immediately following the proposed transaction, ELI will continue to operate as a separate subsidiary of Integra. Immediately following the consummation of the proposed transaction, customers who receive service in connection with ELI’s current operations those customers will continue to receive service under the same rates, terms and conditions of service. The proposed transfer of control of ELI to Integra, therefore, is expected to be seamless and virtually transparent to consumers in terms of the services they receive.¹¹

Applicants state that the proposed transaction will serve the public interest because the transaction will provide the Applicants with access to each other’s advanced network capabilities, technical and financial strength, and complementary services, which together are expected to strengthen the Applicants’ ability to expand their offerings and provide more advanced telecommunications services to a broader customer base. Applicants expect that the proposed acquisition will enable both ELI and Integra to continue to offer innovative products and to further strengthen their competitive position to the benefit of consumers and the national

⁹ BV Group Trust is more than 50% owned by the California Teacher’s Retirement System, a California entity.

¹⁰ The following individuals, all U.S. citizens, are managing directors of Nautic Partners: Robert Van Degna, Habib Y. Gorgi, Michael A. Gorman, Riordan B. Smith.

¹¹ If, after a transition period, Integra seeks to transfer ELI’s assets to an Integra-controlled entity, or to re-brand all or some of ELI’s services, then Integra will obtain all necessary approvals (including all required Commission approvals) and make all required customer notifications.

telecommunications marketplace. Moreover, the Applicants state the proposed transaction will be conducted in a manner that will be virtually transparent to customers of ELI and Integra. The transfer of control of ELI will not result in a change of carrier for end user customers. Following consummation of the proposed transaction, ELI and Integra ensure that they will continue to provide high-quality communications services to their customers without interruption and without immediate change in rates, terms or conditions.

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a non-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. Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR §§ 1.415, 1.419, interested parties may file **comments on or before April 3, 2006** and **reply comments on or before April 10, 2006**.¹² Comments may be filed using: (1) the Commission's Electronic Comment Filing System (ECFS), (2) the Federal Government's eRulemaking Portal, or (3) by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- **Electronic Filers:** Comments may be filed electronically using the Internet by accessing the ECFS: <http://www.fcc.gov/cgb/ecfs/> or the Federal eRulemaking Portal: <http://www.regulations.gov>. Filers should follow the instructions provided on the website for submitting comments.
- **For ECFS filers,** if multiple docket or rulemaking numbers appear in the caption of this proceeding, filers must transmit one electronic copy of the comments for each docket or rulemaking number referenced in the caption. In completing the transmittal screen, filers 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, filers should send an e-mail to ecfs@fcc.gov, and include the following words in the body of the message, "get form." A sample form and directions will be sent in response.
- **Paper Filers:** 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, filers 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). All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

¹² See 47 C.F.R. § 63.03(a).

The Commission's contractor 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, Express, and Priority mail should be addressed to 445 12th Street, S.W., Washington D.C. 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

You may submit comments, identified by the above noted docket number, by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Federal Communications Commission's Web Site: <http://www.fcc.gov/cgb/ecfs/>. Follow the instructions for submitting comments.
- People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: FCC504@fcc.gov or phone: 202-418-0530 or TTY: 202-418-0432.

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, D.C. 20554, www.bcpweb.com; phone: (202) 488-5300 fax: (202) 488-5563;
- (2) Tracey Wilson-Parker, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-A103, Washington, D.C. 20554; email: tracey.wilson-parker@fcc.gov;
- (3) Alex Johns, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C317, Washington, D.C. 20554; e-mail: alexis.johns@fcc.gov;
- (4) 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
- (5) 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, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room CYB402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 488-5563, or via e-mail www.bcpiweb.com.

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

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