

REQUEST TO ESTABLISH DOCKET

(Please Type)

Date: ²⁶7/26/2006 Docket No.: 060515-TT

1. Division Name/Staff Name: Division Of Competitive Markets & Enforcement/Isler

2. OPR: Division Of The Commission Clerk And Administrative Services

3. OCR: Office Of The General Counsel

4. Suggested Docket Title: Acknowledgment of cancellation of IXC Registration No. TJ500 by IDS Telcom LLC, effective December 31, 2005.

5. Suggested Docket Mailing List (attach separate sheet if necessary)

- A. Provide NAMES OR ACRONYMS ONLY if a regulated company.
- B. Provide COMPLETE NAME AND ADDRESS for all others. (Match representatives to companies.)

1. Parties and their representatives (if any):

2. Interested persons and their representatives (if any):

6. Check one:

- Documentation is attached.
- Documentation will be provided with recommendation.

DOCUMENT NUMBER - DATE

06597 JUL 26 06
Guest.doc



June 29, 2006

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Attn: Paula Isler

Re: IDS Telcom LLC
IXC Registration No. TJ500

Dear Ms. Isler,

Pursuant to our discussion, kindly allow this letter to serve as our formal request to cancel IXC Registration Number TJ500.

Enclosed with this request are the 2005 Regulatory Assessment Fee Returns for IDS Telcom LLC. A check in the amount of \$130.00 is enclosed to cover the fees owed.

Please feel free to contact me directly if you have any additional questions or concerns regarding this matter.

Sincerely,

A handwritten signature in black ink that reads "Awilda Santiago".

Awilda Santiago
Regulatory Affairs Analyst
Tel: 888 612-4226
Fax: 877 612-3027
Email: asantiago@cleartel.com

Total \$130.00
Sec TX 559

Interexchange Company Regulatory Assessment Fee Return

Florida Public Service Commission

STATUS:

- Actual Return
- Estimated Return
- Amended Return

PERIOD COVERED:
01/01/2005 TO 12/31/2005

(See Filing Instructions on Back of Form)

TJ500-05-0-R
IDS Telcom LLC
1525 N.W. 167th Street, Suite 200
Miami, FL 33169-5131
(P. Isler)

DEPOSIT DATE
661 JUL 13 2006

FOR PSC USE ONLY

Check # 00061902
\$ 50.00 06-03-001
003001
\$ 12.50 P 06-03-001
004011
\$ 2.50 I
Postmark Date 7-6-06
Initials of Preparer RT

Please Complete Below If Official Mailing Address Has Changed

(Name of Company) 12124 High Tech Ave #100 (Address) Orlando FL (City/State) 32817 (Zip)

LINE NO.	ACCOUNT CLASSIFICATION	FLORIDA GROSS OPERATING REVENUE	INTRASTATE REVENUE
1.	Long Distance Services	\$ 0	\$ 0
2.	Access Services	0	0
3.	Private Line Services	0	0
4.	Leased Facilities & Circuits Services	0	0
5.	Miscellaneous Services	0	0
6.	TOTAL Telephone Services	\$ 0	\$ 0
7.	LESS: Amounts Paid to Telecommunications Companies ⁽¹⁾	(0)	(0)
8.	TOTAL REVENUES For Regulatory Assessment Fee Calculation		\$ 0
9.	Regulatory Assessment Fee Due (Multiply Line 8 by 0.0020)		<u>50.00</u>
10.	Penalty for Late Payment (see "3. Failure to File by Due Date" on back)		<u>12.50</u>
11.	Interest for Late Payment (see "3. Failure to File by Due Date" on back)		<u>2.50</u>
12.	Extension Payment Fee (see "4. Extension" on back)		<u>0</u>
13.	TOTAL AMOUNT DUE (\$50 MINIMUM)		\$ <u>65.00</u> ⁽²⁾

(1) These amounts must be intrastate only and must be verifiable (see "2. Fees" on back).
(2) Regardless of the gross operating revenue of a company, a minimum annual regulatory assessment fee of \$50 shall be imposed as provided in Section 364.336, Florida Statutes.

CURRENT COMPANY STATUS

- Facilities-Based Carrier
- Reseller
- Call Aggregator
- Alternate-Operator Service
- Rebiller
- Other: _____

BILLING INFORMATION

Complete below if billing agent is other than yourself.

(Name) _____ (Address: City/State/Zip) _____ (Telephone) _____
What is the total amount of customer deposits collected? Amount: \$ _____ for 20 _____
What is the total amount of bond held (if applicable)? Amount: \$ _____ Expires: _____

COMPANY INFORMATION

Do you lease telecommunications' facilities? YES NO
If YES, who do you lease these facilities from? Name: _____
Address: _____

I, the undersigned owner/officer of the above-named company, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his/her duty shall be guilty of a misdemeanor of the second degree.

[Signature] (Signature of Company Official) Secretary (Title) 7/3/06 (Date)
Awilda Santiago (Preparer of Form - Please Print Name) Telephone Number 888 612-4226 Fax Number (877) 612-3027
F.E.I. No. 65-0923839

ORIGINAL

MCWHIRTER REEVES
ATTORNEYS AT LAW

TAMPA OFFICE
400 NORTH TAMPA STREET, SUITE 2450
TAMPA, FLORIDA 33602-5126
P.O. BOX 3350, TAMPA, FL 33601-3350
(813) 224-0866 (813) 221-1854 FAX

PLEASE REPLY TO:
TALLAHASSEE

TALLAHASSEE OFFICE:
117 SOUTH GADSDEN
TALLAHASSEE, FLORIDA 32301
(850) 222-2525
(850) 222-5606 FAX

February 8, 2005

VIA HAND DELIVERY

Ms. Blanca Bayo
Division of Records and Reporting
Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida 32399-0870

RECEIVED-PSC
3 FEB - 8 AM
COMMISSIONER
CLERK

Re: In re: Joint Petition of MCG Capital Corporation, IDS Telcom Corp. and IDS Telcom, LLC for authority to complete an assignment of authority to provide competitive services and for waiver of Rule 25-4.118, F.A.C., local, local toll or toll provider selection in connection with the sale of customer based and other assets from IDS Telcom LLC to IDS Telcom Corp., Docket No. 05011 - TI

Dear Ms. Bayo:

On behalf of MCG Capital Corporation, IDS Telcom Corp. and IDS Telcom, LLC (Petitioners), enclosed for filing and distribution are the original and 2 copies of the following:

- Joint Petition with Exhibits, including an application for assignment of existing certificate and application of New IDS to provide service.

Also enclosed is the \$250 application fee. In addition, as part of the filing, we have included new tariffs and price list for New IDS. These tariffs and price list are the same as those of Old IDS, with only the name changed. We ask that they replace the current tariffs and price list of Old IDS.

Please acknowledge receipt of the above on the extra copy of each and return the stamped copies to me. Thank you for your assistance.

Original Price list forwarded to A/P
RECEIVED & FILED
[Signature]

Sincerely,
[Signature]
Vicki Gordon Kaufman

EPSC BUREAU OF RECORDS
cc: Ray Kennedy (w/ encls.)
Toni McCoy (w/ encls.)

Check received with filing
to Fiscal for deposit. Fiscal to forward
deposit information to Records.

Initials of person who forwarded check:
[Signature]

Enclosures

MCWHIRTER, REEVES, DAVIDSON, KAUFMAN, & ARNOLD, P.A.

DOCUMENT NUMBER-DATE

01397 FEB-8 05

EPSC COMMISSIONER CLERK

rule on presubscribed carrier changes in connection with this transaction as set further in greater detail below.

Old IDS and New IDS have entered into an Asset Purchase Agreement (“Agreement”) whereby New IDS has agreed to purchase all of the Assets of Old IDS. As a result of the proposed transaction, Old IDS’s Assets, including all of Old IDS’s operations and customers, will be transferred and Old IDS’s Florida certifications will be assigned to New IDS, a newly created, wholly-owned direct subsidiary of Cleartel. Following that transaction, Old IDS will cease to provide service in Florida and current Florida customers of Old IDS will be served by New IDS.

Petitioners emphasize that although, as a technical matter, the proposed transactions will result in a transfer of customers from Old IDS to New IDS, the transfer will be seamless and following the proposed transactions, those customers will continue to receive service under the same rates, terms, and conditions of service as the services those customers currently receive. Moreover, because New IDS will continue to provide service under the “IDS” brand name, using the same IDS facilities and Assets, the transition will be virtually transparent to consumers of Old IDS’s services in Florida in terms of the services that those consumers receive.

As set forth below, New IDS – through Buyer -- has both significant financial resources and substantial experience in owning and operating regulated telecommunications services. As a result, the proposed transactions are structured to ensure that existing Old IDS customers will continue to enjoy uninterrupted service, while allowing the IDS operations to obtain needed financial resources. In light of the substantial benefits that the Petitioners expect from the

proposed transactions, Petitioners seek expedited approval, to the extent necessary, to allow Petitioners to complete the proposed transactions as soon as possible.

In support of this Petition, Petitioners provide the following information:

II. DESCRIPTION OF PETITIONERS

A. IDS Telcom, LLC

IDS Telcom, LLC ("Old IDS") is a leading integrated communications provider that operates within the southeastern U.S. providing competitive telecommunications service mainly to residential and small to medium-sized business customers. Old IDS offers a range of resold and facilities-based telephone services, including voice and data private lines. Old IDS provides service over a state-of-the-art optical fiber network in Florida and via resold and unbundled network element arrangements with the ILEC elsewhere.

In addition to its operations in Florida, Old IDS is currently authorized, by virtue of certification or other authorization, to provide service throughout the BellSouth territory except in Louisiana. Old IDS is also authorized by the Federal Communications Commission ("FCC") to provide interstate and international services. In Florida, Old IDS is authorized to provide (1) competitive local exchange telecommunications services pursuant to Certificate No. 5228 granted in Docket No. 010080-TX by Consummating Order No. PSC-01-0870-CO-TX, issued on April 5, 2001, and PAA Order No. PSC-01-0595-PAA-TX, issued on March 13, 2001, and (2) resold and facilities-based interexchange services pursuant to Certificate No. 2467 granted in Docket No. 010085-TI by Consummating Order No. PSC-01-0871-CO-TI, issued on April 5, 2001, and PAA Order No. PSC-01-0574-PAA-TI issued on March 12, 2001. Further, information concerning Old IDS and the services it provides have been previously submitted to the Commission, is publicly available, and is incorporated herein by reference.

B. MCG Capital Corporation/IDS Telecom Corp.

MCG Capital Corporation ("Buyer"), the ultimate owner (through its portfolio investment company Cleartel Communications, Inc.) of IDS Telecom Corp. ("New IDS"), is a corporation formed under the laws of the State of Delaware with principal offices located at 1100 Wilson Boulevard, Suite 3000, Arlington, Virginia 22209. MCG is a solutions-focused publicly held financial services company (traded on the NASDAQ under the MCGC symbol) that provides financing and advisory services to a variety of small- and medium-sized companies throughout the United States with a focus on growth oriented companies.

MCG has ample managerial, technical, and financial qualifications to own and control New IDS and to oversee the operations currently conducted by Old IDS. In Florida, MCG currently holds an indirect controlling interest in Cleartel Telecommunications, Inc. d/b/a NOW Communications, also d/b/a VeraNet Solutions ("Cleartel") through MCG's wholly-owned portfolio investment company, Cleartel Communications, Inc., which is also the direct parent of New IDS. Cleartel is currently authorized to operate in Florida as a competitive local exchange carrier (TX717) and a reseller and facilities-based interexchange carrier (TJ777). NOW/Cleartel's management will likewise manage the day to day affairs of New IDS. In addition, MCG has previously held or currently holds interests in a number of telecommunications companies, including BridgeCom International, Inc. (a switchless reseller (TJ538)), TruCom Corporation, Biznessonline.com, Inc., Metropolitan Telecommunications of Florida, Inc. (TX408/TJ573), and nii communications, Inc. (a switchless rebiller (TJ510) and competitive local exchange carrier (TX553), Broadview Networks, Inc. (TJ650/TX655)), and Broadview NP Acquisition Corp. MCG's continuing involvement in overseeing the regulated

ownership of these companies has provided MCG's management team with extensive telecommunications management experience.

Moreover, MCG has access to extensive financial resources. As of year end 2003, MCG had total assets of more than \$791 million, including financial investments of more than \$682 million, with total liabilities of approximately \$367 million. MCG has positive shareholders' equity of approximately \$464 million and had net income in 2003 of \$41.9 million, including operating income of more than \$71.7 million. Recent financial information from MCG's recent SEC Form 10-Q is provided in Exhibit A. Additional information regarding MCG's financing and results of operations can be found in MCG's 2002 Annual Report available on line at: <http://investor.mcgcapital.com/> and is incorporated herein by reference.

III. CONTACTS

Questions or any correspondence, orders, or other materials pertaining to this Petition should be directed to the following.

For Buyer or New IDS:

Catherine Wang
Edward S. Quill, Jr.
Swidler Berlin LLP
3000 K Street NW
Suite 300
Washington, DC 20007
(202) 424-7500 (Tel)
(202) 424-7645 (Fax)
CWang@swidlaw.com (E-Mail)
ESQuill@swidlaw.com (E-Mail)

And:

Scott Kellogg
Associate General Counsel & Asst. Secretary
IDS Telcom Corp.
205 West Wacker Drive, Suite 2333

Chicago, IL 60606
(312) 658-1056 (Tel)
(312) 658-5487 (Fax)
skellogg@cleartel.com (E-Mail)

For Old IDS to:

Vicki Gordon Kaufman
McWhirter Reeves Davidson Kaufman & Arnold, PA
117 South Gadsden Street
Tallahassee, FL 32301
(850) 222-2525 (Tel)
(850) 222-5606 (Fax)
vkaufman@mac-law.com

And:

Joseph Millstone
Chief Executive Officer
IDS Telcom, LLC
1525 NW 167th Street
Suite 200
Miami, FL 33169
(305) 612-4105 (Tel)
(305) 913-4011 (Fax)
jmillstone@IDSTelcom.com (E-Mail)

IV. DESCRIPTION OF THE TRANSACTIONS

Petitioners propose to complete a series of transactions (“Transactions”) through which New IDS, a wholly-owned direct subsidiary of Buyer’s portfolio investment company will acquire all of the assets of Old IDS. New IDS is a recently created Delaware corporation with headquarters located at 2855 S. Congress Ave., Delray Beach, FL 33455.¹ New IDS and Old IDS have entered into an Asset Purchase Agreement (“Agreement”). Pursuant to that Agreement, New IDS will acquire all of the operations, customers, and other Assets of Old IDS. As a result of the proposed Transactions, New IDS will replace Old IDS as the service provider operating in Florida. An illustrative chart of the proposed Transactions is provided in Exhibit B.

¹ Copies of the Articles of Incorporation of New IDS and a copy of New IDS’s authority to

New IDS is well qualified to provide service in Florida. In connection with the proposed Transactions, New IDS will acquire all of the assets of Old IDS and will therefore own all of the assets and facilities currently used to provide service to customers in Florida. New IDS's operations will be overseen by a well-qualified management team with substantial telecommunications experience and technical expertise. New IDS will draw upon the expertise of the management team of its direct parent company, Cleartel Communications, Inc., which likewise manages the operations of Cleartel. New IDS will continue to have access to the management team of Old IDS, which is highly experienced and has substantial technical and managerial expertise. New IDS will also have access to the highly qualified management team and substantial financial resources of MCG. Management biographies for New IDS's management team are provided in Exhibit C.

In order to allow New IDS to continue to provide service following the proposed Transactions, Petitioners respectfully request that the Commission allow Old IDS to transfer its existing Florida authorization to New IDS with the same conditions as previously granted to Old IDS. In the event that the Commission determines that the Florida authorization granted to Old IDS cannot be transferred to New IDS, Petitioners respectfully request, in the alternative, that a second certification be granted to New IDS and that Old IDS's certification be cancelled effective as of the close of the proposed transaction. In support of that request, New IDS has attached an Application for Authority to Provide Competitive Local Exchange Services as Exhibit E and an Interexchange Registration as Exhibit F.

conduct business in Florida are provided in Exhibit D.

V. REQUEST FOR WAIVER

Pursuant to Rule 25-4.118, Florida Administrative Code, a customer's presubscribed local exchange or interexchange telecommunications services provider shall not be changed without the customer's authorization. The carrier must either: (1) obtain a letter of agency from the customer requesting the change; (2) obtain confirmation from the subscriber via a customer-initiated call; or (3) utilize an independent third party to verify the subscriber's order. The requirements of Rule 25-4.118 are made applicable to local exchange and interexchange carriers through incorporation by reference in Rules 25-24.845 and 25-4.490, Florida Administrative Code, respectively. New IDS respectfully requests an expedited waiver of Rule 25-4.118 to allow Old IDS to transfer its customers to New IDS without New IDS obtaining individual authorization and verification from each customer.

Although as a technical matter Old IDS customers will be transferred from Old IDS to New IDS in connection with the proposed Transactions, Petitioners emphasize that the migration of the IDS customers from Old IDS to New IDS will be transparent to the customers. Affected Old IDS customers will be notified in writing of the transfer of their service to New IDS and of their rights under federal law pursuant to the applicable rule of the FCC.² New IDS will acquire the "IDS" name and will continue to provide service under the "IDS" brand following the Transactions. Furthermore, New IDS will adopt the price list and tariff of Old IDS (and has attached copies of those documents in Exhibits E and F) and will continue to provide service under the same rates, terms and conditions as were previously provided by Old IDS. As a result, the Transactions will be transparent to customers of Old IDS in terms of the services those customers receive.

² 47 C.F.R. § 64.1120(e). A copy of the form of the customer notice letter that will be sent to such customers is provided in Exhibit G.

The basis for granting a waiver for interexchange carriers is set forth in Rules 25-24.455(4), Florida Administrative Code. Under that rule, the Commission may consider whether the petition is in the public interest, whether market forces obviate the need for the provision in a particular instance, and whether reasonable alternative regulatory methods may service the same purpose.

The requirements for granting a waiver for competitive local exchange carriers are set forth in Section 120.542, Florida Statutes. Under this statutory section, a petitioner requesting a waiver of a Commission rule must demonstrate that the purpose of the underlying statute will otherwise be served if waiver of the rule is granted. The petitioner must also demonstrate that continued enforcement of the rule would result in substantial hardship for the petitioner or violate principles of fairness.

In the circumstance described in this Petition, it is in the public interest to waive the carrier selection requirements of Rule 24-4.118, Florida Administrative Code. Rule 25-4.118 does not prescribe any means of authorizing a carrier change that is necessitated by a mass migration of customers as part of an asset transfer. It would be unfair to hold New IDS to requirements that plainly do not address its particular situation and with which it cannot reasonably comply. Petitioners have provided for a seamless transition while ensuring that customers understand available choices with the least amount of disruption and confusion; thus, the requirements of the rule are satisfied. The customers will receive ample notice of the transfer and have the opportunity not to participate. Petitioners believe that if prior authorization is required in this case, customers may fail to respond to a request for authorization, neglect to select another carrier, and thus lose their service.

Finally, enforcement of the requirements of Rule 25-4.118, Florida Administrative Code, will result in substantial hardship for the company. Obtaining individual authorizations from Old IDS's customers would be an extremely time-consuming, expensive, and inefficient manner of migrating customers. Further, as stated above, customers may fail to respond to a request for authorization, neglect to select another carrier, and thus lose their service. Enforcement of the requirement that a customer's provider not be changed without the customer's specific authorization would potentially subject New IDS to significant penalties if the affected customers filed slamming complaints and the company was ordered to show cause based on the customer's complaints.

The Commission has granted petitions for waiver in similar circumstances in several prior cases, including Order No. PSC-03-0252-PAA-TP (Mpower Communications Corp./Florida Digital Network, Inc.) in Docket No. 030080; Order No. PSC-01-0812-PAA-TP (Verizon Florida, Inc./Select Services Inc.) in Docket No. 010030-TP, Order No. PSC-00-1520-PAA-TI (PNG Telecommunications/Broadwing) in Docket No. 000764-TI, Order No. PSC-00-2198-PAA-TI (TTI National/Minimum Rate Pricing) in Docket No. 000825-TI, and Order No. PSC-01-0050-PAA-TI (Verizon) in Docket No. 001669-TI.

VI. PUBLIC INTEREST STATEMENT

The proposed Transactions described above will serve the public interest by ensuring that IDS customers enjoy continuity of high quality telecommunications service. As demonstrated above and more fully in the Exhibits below, New IDS has the technical, managerial and financial resources required to ensure that New IDS can provide high quality services in Florida. New IDS is well-qualified to replace Old IDS as the service provider in Florida.

The proposed Transaction will not cause customer confusion. Because there will be no change in the "IDS" brand name and the rates, terms and conditions of service will all continue

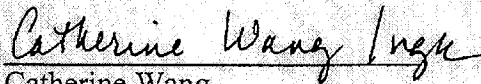
without change, the proposed Transactions will be transparent to customers in Florida in terms of the services those customers receive. Indeed, New IDS will adopt the same price list and tariffs currently on file for Old IDS (*See* Exhibits E and F). In sum, the proposed Transactions will enhance the ability of Petitioners to provide high-quality telecommunications services in Florida. This will invigorate competition and thereby benefit consumers of telecommunications services in Florida.

Given the increasingly complex and competitive nature of telecommunications markets and for other corporate reasons, Petitioners seek to complete the proposed Transactions as soon as possible. Accordingly, Petitioners respectfully request that the Commission process, consider and approve this Petition as expeditiously as possible.

VI. CONCLUSION

For the reasons stated above, Petitioners respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Petition. Petitioners therefore respectfully request that the Commission consider and approve this Petition expeditiously to permit Petitioners to consummate the proposed Transactions as soon as possible.

Respectfully submitted,



Catherine Wang
Edward S. Quill, Jr.
SWIDLER BERLIN LLP
3000 K Street, Suite 300
Washington, DC 20007
(202) 424-7500 (Tel)
(202) 424-7645 (Fax)
CWang@swidlaw.com
ESQuill@swidlaw.com

Counsel for Buyer and New IDS

Vicki Gordon Kaufman

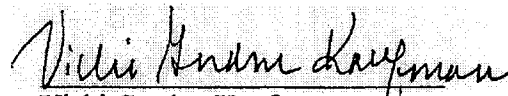
Vicki Gordon Kaufman
MCWHIRTER REEVES DAVIDSON
KAUFMAN & ARNOLD, PA
117 South Gadsden Street
Tallahassee, FL 32301
(850) 222-2525 (Tel)
(850) 222-5606 (Fax)
vkaufman@mac-law.com

Counsel for Old IDS

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Joint Petition has been furnished by hand delivery this 8th day of February 2005 to:

Beth Keating
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Fl 32399


Vicki Gordon Kaufman