

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET, NW, SUITE 800
WASHINGTON, DC 20005**

ORDER

March 26, 2021

**FORMAL CASE NOS. TA04-8 AND TA07-11, IN THE MATTER OF THE
NOTIFICATION OF A PROPOSED TRANSFER OF CONTROL OF
WHOLESALE CARRIER SERVICES, INC. TO BCM ONE GROUP HOLDINGS,
INC., Order No. 20719**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) accepts the Notification of Wholesale Carrier Services, Inc. (“WCS”) and BCM One Group Holdings, Inc. (“BCM One Group Holdings”) (collectively, the “Parties”), of the proposed transfer of control of WCS to BCM One Group Holdings (the “Transaction”). The Commission dismisses further review of the Parties’ Transaction.

II. BACKGROUND

2. On March 16, 2021, the Parties filed a Notification with the Commission of the transfer of indirect control of WCS to BCM One Group Holdings.¹ The Parties state that submission of the Notification is for informational purposes. They assert that the transfer of control will have no effect on the ongoing operations of WCS, which they state will maintain its telecommunications authorization in the District of Columbia (“District”).² They add that WCS does not have telecommunications facilities in the District and that the transfer of control will have no impact on its District customers.³

A. Description of the Parties

(1) Wholesale Carrier Services, Inc.

3. The Parties assert that WCS is a corporation organized under the laws of Florida with its principal office in Coral Springs, Florida.⁴ The Parties state that the Commission authorized WCS to provide resold and facilities-based local exchange

¹ *Formal Case Nos. TA04-8 and TA07-11*, Notification of Proposed Change in Control of Wholesale Carrier Services, Inc. (“*Formal Case Nos. TA04-8 and TA07-11*”), filed March 16, 2021 (“Notification”).

² Notification at 1.

³ Notification at 1.

⁴ Notification at 1.

telecommunications services in Order No. 14731, issued on February 25, 2008.⁵ The kind of services WCS offers, according to the Parties, include Time Division Multiplexing, Internet Protocol-based voice services, and other connectivity services.⁶

(2) BCM One Group Holdings, Inc.

4. The Parties state that BCM One Group Holdings is incorporated in Delaware, with its principal office in St. Louis, Missouri.⁷ They state that a controlling interest in BCM One Group Holdings is held by Thompson Street Capital Partners V, L.P. (“Thompson Street”). Thompson Street’s principal office is also in St. Louis, Missouri.⁸

5. The Parties describe Thompson Street as a limited partnership that is part of a privately held investment firm based in St. Louis, Missouri. They state that the firm was founded in 2000 and has acquired more than 150 companies and managed more than \$2.6 billion in equity.⁹ The Parties represent that Thompson Street specializes in growth capital, recapitalizations, management buyouts, and private investments in middle market companies.¹⁰ They explain that Thompson Street invests in companies that are positioned for continued growth in their markets. They add that the General Partner of Thompson Street is Thompson Street Capital V GP, L.P., a Delaware limited partnership.¹¹

B. Description of the Transaction

6. According to the Parties, BCM One Group Holdings and the owners of WCS entered into a Share Purchase Agreement (“SPA”) on February 23, 2021, wherein BCM One Group Holdings (together with Thompson Street and its co-investors) would acquire WCS.¹² The Parties explain that pursuant to the SPA, WCS will be acquired by BCM One Group Holdings, indirectly through its wholly-owned subsidiary, BCM One, Inc. (“BCM One”).¹³ The Parties assert that Thompson Street holds approximately 70%

⁵ Notification at 2; citing *Formal Case No. TA-07-11, In the Matter of the Application of Wholesale Carrier Services, Inc. to Provide Local Telecommunications Services in the District of Columbia*, Order No. 14731, rel. February 25, 2008.

⁶ Notification at 1.

⁷ Notification at 2.

⁸ Notification at 2.

⁹ Notification at 2.

¹⁰ Notification at 2.

¹¹ Notification at 2.

¹² Notification at 2-3.

¹³ Notification at 3. As a subsidiary of BCM One Holdings, BCM One is also a certificated local telecommunications service provider in the District, formerly known as McGraw Communications, Inc. *See*

of the equity and voting interests in BCM One Group Holdings.¹⁴ The remaining approximately 30% ownership of BCM One Group Holdings and BCM One, according to the Parties, is held separately and independently by certain individual investors, certain lender co-investors, and other commercial partners. They add that, except for Thompson Street, no interest holder ultimately has equity or voting shares of 10% or greater in BCM One Group Holdings or BCM One.¹⁵

7. The Parties state that members of WCS's current management team will remain with WCS, continuing to direct its day-to-day operations.¹⁶ They maintain that this will ensure that WCS's business decisions going forward will be guided by an experienced team with a proven record in the telecommunications field and with detailed knowledge and experience concerning the operations of WCS.¹⁷

8. The transaction, according to the Parties, will combine the strength and success of WCS's performance in telecommunications markets with Thompson Street's management and financial expertise.¹⁸ The Parties' expectation is that the Transaction will enable WCS to achieve measurable growth in its business operations, while also developing and implementing enhanced operating efficiencies.¹⁹

C. Public Interest Considerations

9. The Parties submit that the Transaction is in the public interest, pointing out that transfer of control will not involve any assignment of the operating authority, assets, or customers. They reiterate that WCS will benefit from additional capital, from Thompson Street's financial and managerial expertise, and will be able to better serve its existing customers and compete more effectively in the marketplace. They add that services will continue to be provided by experienced and qualified personnel.²⁰

10. Upon closing, the Parties explain that WCS will continue to provide competitive and innovative services to its existing customers in the District at the same

Formal Case No. TA04-8, In the Matter of the Application of McGraw Communications, Inc. to Provide Local Telecommunications Services in the District of Columbia, Order No. 13375, rel. September 8, 2004.

¹⁴ Notification at 3.

¹⁵ Notification at 3.

¹⁶ Notification at 4.

¹⁷ Notification at 4.

¹⁸ Notification at 4.

¹⁹ Notification at 4.

²⁰ Notification at 4.

rates, terms, and conditions as currently provided.²¹ The Parties caution that market conditions will determine any future changes in the rates, terms, or conditions of service, and such changes will only be undertaken in a manner consistent with any applicable District and federal rules and regulations.²² They pledge that the transaction is not intended, or expected to result in the discontinuance, reduction, loss, or impairment of service to any customer.²³

11. The Parties contend that the proposed Transaction also will not harm competition in the District. They reason that only a small percentage of the telecommunications services available in the area were ever provided by WCS, even when combined with other entities BCM One Group Holdings controls directly or indirectly.²⁴ They maintain that the market for telecommunications services is fiercely competitive among these types of providers, adding that in any event, the affected market in the District will continue to be served by a dominant local exchange carrier.²⁵

12. The Parties contend that WCS will use the improvements resulting from the acquisition to, among other things, continue the development of telecommunications technologies for use by its customers, including integrated, global voice, video, and instant messaging services, among other business services.²⁶

III. DECISION

A. Transfer of Control

13. D.C. Code § 34-1001 sets forth the Commission's authority to review the transactions filed for Commission consideration and approval.²⁷ In addition, Title 15 of the District of Columbia Municipal Regulations ("DCMR") § 2511.2 provides the application requirements for entities seeking Commission approval for corporate restructuring.²⁸ The first step in this process, however, is for the Commission to determine

²¹ Notification at 4.

²² Notification at 4.

²³ Notification at 4.

²⁴ Notification at 4.

²⁵ Notification at 4-5.

²⁶ Notification at 5.

²⁷ In pertinent part, D.C. Code § 34-1001 provides that: No franchise nor any right to or under any franchise to own or operate any public utility as defined in this subtitle . . . shall be assigned [or] transferred . . . nor shall any contract or agreement with reference to or affecting any such franchise or right be valid or of any force or effect whatsoever unless the assignment, transfer . . . or agreement shall have been approved by the Commission in writing.

²⁸ See 15 DCMR § 2511.2 (2015). Specifically, 15 DCMR § 2511.2 states: For any change of ownership or control involving a certificated local exchange carrier that must be approved by the Commission

whether it has authority to review and approve an application for transfer of control or a corporate restructuring, in accordance with D.C. Code § 34-1001. If it determines that it has authority to review the transaction in accordance with D.C. Code § 34-1001, then the Commission will conduct an analysis of the application based on the requirements provided in 15 DCMR § 2511.2.²⁹

14. The Commission has interpreted D.C. Code §§ 34-1001, 34-214, 34-220 and 34-221³⁰ to mean that if a Competitive Local Exchange Carrier (“CLEC”) has facilities in the District, then it can be classified as a public utility under the D.C. Code and certain transactions, such as assignments, reorganizations or transfers, will require Commission review and approval.³¹ In the instant case, the Parties represent, and Commission review confirms, that the certificated CLEC, WCS, has no telecommunications service facilities within the District.³² Inasmuch as WCS has no facilities within the District, it does not meet the definition of a public utility. Moreover, because WCS does not meet the statutory definition of a public utility, it is not necessary for the Commission to analyze the merits

pursuant to D.C. Official Code § 34-1001 (2001), all of the entities involved in the transaction must file an application with the Commission at least sixty (60) days before the proposed closing date of the transaction.

²⁹ See 15 DCMR § 2511.2(d) (2015) stating the five standards an application for transfer of control or other type of corporate reorganization must meet in order to receive Commission approval.

³⁰ A public utility as defined in D.C. Code § 34-214 includes, *inter alia*, a “telephone corporation” or a “telephone line.” Under D.C. Code § 34-220, a “telephone corporation” includes every corporation, company, association, joint-stock company or association, partnership, and persons, their lessees, trustees, or receivers . . . owning, operating, controlling, or managing any plant, wires, poles for the reception, transmission, or communication of messages by telephone, telephonic apparatus or instruments, or any telephone line or part of telephone line, used in the conduct of the business of affording telephonic communications for hire, or which licenses, lets, or permits telephonic communication for hire. And under D.C. Code § 34-221, a “telephone line” includes conduits, ducts, poles, wires, cables, crossarms, receivers, transmitters, instruments, machines, and appliances, and all devices, real estate, franchises, easements, apparatus, fixtures, property, appurtenances, and routes used, operated, controlled, or owned by any telephone corporation to facilitate the business of affording telephonic communication for hire, or which licenses, lets, or permits telephonic communication.

³¹ See *Formal Case No. 990, In the Matter of Development of Local Exchange Carrier Quality of Service Standards for the District*, Order No. 13139, ¶ 22, rel. March 25, 2004; See also *Formal Case No. 892, In the Matter of the Joint Application of CTC Communications Corp., Conversant Communications Resale, L.L.C., and Choice One Communications Resale, L.L.C. for Approval of Pro Forma Intra-Company Changes*, Order No. 16933, rel. October 12, 2012, citing *Formal Case No. 968, Joint Application of AT&T Corporation and Teleport Communications Group, Inc., for Approval of a Transfer of a Franchise*, Order No. 11532 at 5, rel. November 5, 1999, which provided the context for the Commission’s authority to review certain transactions. See also *Formal Case No. 892, In the Matter of the Joint Application of Crown Castle International Corp., LTS Group Holdings LLC, and Lightower Fiber Networks I, LLC and Lightower Fiber Networks II, LLC for Approval to Transfer Indirect Control of Lightower Fiber Networks, I LLC and Lightower Fiber Networks II, LLC to Crown Castle International Corp.*, Order No. 19116, rel. September 21, 2017, wherein the Commission approved the joint application for transfer of control, finding the Applicants to be public utilities under Commission statutes and rules.

³² See *ASMT2021-75-T-2*, Confidential Survey Response of Wholesale Carrier Services, Inc., filed March 8, 2021.

of this transaction in accordance with 15 DCMR § 2511.2. Consequently, the Commission accepts the Parties' Notification of the proposed transfer of indirect control of WCS to BCM One Group Holdings and the Commission shall dismiss further review of this Transaction.

THEREFORE, IT IS ORDERED THAT:

15. The Notification of Wholesale Carrier Services, Inc. and BCM One Group Holdings, Inc. of the proposed transfer of control of Wholesale Carrier Services, Inc. to BCM One Group Holdings, Inc. is **ACCEPTED**, and further Commission review of this matter is **DISMISSED**.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:

A handwritten signature in black ink, reading "Brinda Westbrook-Sedgwick". The signature is written in a cursive, flowing style.

CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**