

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00 :  
2. BUREAU: FUS :  
3. SECTION(S) : :  
4. PUBLIC MEETING DATE: :  
5. APPROVED BY: : 00/00/00 :  
DIRECTOR: :  
SUPERVISOR: :  
6. PERSON IN CHARGE: : 7. DATE FILED: 08/19/03 :  
8. DOCKET NO: A-310824 F0006 : 9. EFFECTIVE DATE: 00/00/00 :  
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PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: DSLNET COMMUNICATIONS, LLC

COMP/APP COUNTY:

UTILITY CODE: 310824  
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ALLEGATION OR SUBJECT

APPLICATION OF DSLNET COMMUNICATIONS, LLC FOR APPROVAL OF THE AUTHORITY  
NECESSARY FOR A MINORITY TRANSFER OF CONTROL.

**DOCKETED**

SEP 25 2003

DOCUMENT  
FOLDER

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A-310824F00060

August 19, 2003

RECEIVED

AUG 19 2003

**BY OVERNIGHT MAIL**

James McNulty  
Pennsylvania Public Service Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Re: **DSLnet Communications, LLC**  
**Application for Approval of Minority Transfer of Control**

Dear Mr. McNulty:

On behalf of DSLnet Communications, LLC ("DSLnet" or "Applicant"), enclosed for filing are an original and three (3) copies of the above-referenced application. Also enclosed is a check in the amount of \$350, made payable to the Pennsylvania Public Utility Commission, to cover the applicable filing fee.

Please date stamp and return the enclosed extra copy of this filing and return it in the enclosed self-addressed stamped envelope. Should you have any questions, please do not hesitate to contact the undersigned.

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Respectfully submitted,



Richard M. Rindler  
Edward S. Quill, Jr.

RECEIVED

AUG 19 2003

Before the  
PENNSYLVANIA PUBLIC UTILITY COMMISSION PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Application of )  
 )  
 )  
**DSLnet Communications, LLC** )  
 )  
 )  
For Grant of the Authority )  
Necessary for Minority Transfer of Control )  
 )

Docket No. A-310824 F 0006

DOCKETED

SEP 25 2003

APPLICATION

DSLnet Communications, LLC ("DSLnet" or "Applicant"), through its undersigned counsel and pursuant to Pennsylvania Public Utility Code, 66 Pa. C.S.A. Section 1102(a)(3), hereby respectfully requests that the Commission grant authority, to the extent necessary, to permit Applicant to consummate a series of transactions through which (a) Deutsche Bank AG London ("Deutsche Bank") may obtain a substantial indirect minority interest in DSLnet and (b) Applicant's current indirect majority investor VantagePoint Venture Partners ("VPVP") may relinquish its majority position. As described below, because the proposed transactions will be completed at the holding company level and will not change the rates, terms or conditions of DSLnet's services, the proposed transactions will be entirely transparent with respect to DSLnet's services.

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The transactions described below are expected to provide Applicant and its corporate family with greater access to needed capital and to allow DSLnet to compete more effectively. Accordingly, the proposed transactions serve the public interest and Applicant respectfully requests that the Commission approve this Application as expeditiously as possible in order to allow Applicant to consummate the proposed transactions as soon as possible.

In support of this Application, Applicant states as follows:

**I. The Parties**

**A. DSLnet Communications, LLC (“DSLnet”)**

DSLnet is a limited liability company organized and existing under the laws of the State of Delaware with principal offices located in New Haven, Connecticut. DSLnet is a wholly owned subsidiary of DSL.net, Inc. (“Parent”), a publicly held Delaware Corporation also headquartered in New Haven. Parent is currently majority owned by VantagePoint Venture Partners, a family of affiliated private investor funds.<sup>1</sup>

In Pennsylvania, DSLnet was authorized by the Commission to provide interexchange and competitive local exchange services on September 20, 1999, in Docket No. A-310824 F0001-F0004. Further information concerning DSLnet’s legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification with the Commission and is, therefore, a matter of public record. DSLnet respectfully requests that the Commission take official notice of that information and incorporate it herein by reference.

**B. Deutsche Bank AG London (“Deutsche Bank”)**

Deutsche Bank AG is incorporated as a German stock corporation with limited liability. Deutsche Bank AG London is the London branch of Deutsche Bank AG and is registered as a foreign company in England and Wales. Deutsche Bank AG is a widely held international

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<sup>1</sup> VPVP is comprised of four affiliated private investment funds: VantagePoint Venture Partners III (Q), L.P., VantagePoint Venture Partners III, L.P., VantagePoint Communications Partners, L.P. and VantagePoint Venture Partners 1996, L.P.

financial service provider offering a broad range of first-class banking, account-keeping, cash and securities investment and asset management. Deutsche Bank AG files reports and other information that are available to the public with the US Securities and Exchange Commission under the US Securities Exchange Act of 1934, as amended.<sup>2</sup>

## **II. Contact Information**

Questions or inquiries concerning this Application may be directed to:

Richard M. Rindler  
Edward S. Quill, Jr.  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, NW, Suite 300  
Washington, DC 20007-5116  
(202) 424-7500 (Tel)  
(202) 424-7645 (Fax)

## **III. Description of the Transactions**

Parent is in the process of completing a series of financing transactions (“Transactions”) which, if consummated, could result in an indirect minority transfer of control of DSLnet.<sup>3</sup> Specifically, in connection with an investment financing of approximately \$30 million, Parent has proposed, subject to shareholder and regulatory approvals, to issue to Deutsche Bank certain warrants through which Deutsche Bank could acquire more than 118 million shares of Parent’s common stock. In the event that such warrants are issued and exercised, Deutsche Bank would

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<sup>2</sup> SEC filings for Deutsche Bank may be found on-line at [http://ircontent.db.com/ir/fa.php?m=annual\\_sec\\_e.php&a=http://ircontent.db.com/dbaction/banner\\_ir.php?section=IRBERICHTE](http://ircontent.db.com/ir/fa.php?m=annual_sec_e.php&a=http://ircontent.db.com/dbaction/banner_ir.php?section=IRBERICHTE)

<sup>3</sup> In addition to the issuance of warrants described herein, Deutsche Bank has also entered into certain debt financing arrangements. Such arrangements were completed solely at the Parent company level and do not involve any encumbrance or debt issuance by DSLnet. As a result, it is Applicant’s understanding that no approval is required to complete such arrangements.

acquire an indirect minority interest of up to approximately 37% of DSLnet. In addition, although DSLnet's current indirect majority shareholder, VPVP, will continue following such transactions to be a large minority shareholder, VPVP's interest in Parent (and therefore indirectly in DSLnet) could be reduced below 50% by the exercise of such warrants. In order to complete the proposed series of Transactions, Applicant has entered into a Purchase Agreement dated as of July 18, 2003 ("Purchase Agreement").<sup>4</sup> A chart illustrating the proposed Transactions is provided in Exhibit A.

The proposed Transactions will not directly affect the rates, terms and conditions under which DSLnet provides service. All of the proposed Transactions are financial in nature and are being completed as part of an overall financing package of the DSLnet family of companies. Because DSLnet continues to have access to capital through its corporate Parent, the proposed Transaction is expected to allow DSLnet to become financially stronger and thereby be better positioned to operate in Pennsylvania. As a result, the Transactions will be entirely transparent to customers in terms of the services they receive.

#### **IV. Public Interest Considerations**

Applicant respectfully submits that the proposed Transactions serve the public interest. In particular, Applicant submits that (1) the Transactions will increase competition in the Pennsylvania telecommunications market by reinforcing the status of DSLnet as a viable competitor, and (2) the Transactions will be transparent to DSLnet's Pennsylvania customers in terms of the services that they receive.

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<sup>4</sup> A copy of the Purchase Agreement will be provided upon request.

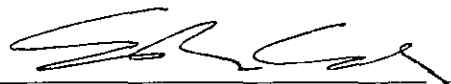
The proposed Transactions are expected to facilitate competition in Pennsylvania by improving the financial position of DSLnet's corporate parent. In particular, the proposed Transactions are expected to provide Parent access to substantial additional capital which will allow Parent and DSLnet to ensure continuity of operation, expand the companies' operations as market conditions warrant and further refine their operations. All of these factors are expected to allow DSLnet to improve its position in the Pennsylvania market place and compete more effectively in Pennsylvania.

The proposed Transactions will not inconvenience or cause confusion to customers. The Transactions described herein will not affect DSLnet's current management structure or alter Applicant's operations. The Transactions will not affect the rates, terms and conditions of the services that DSLnet currently provides. Indeed, from the customer's standpoint, the proposed Transactions will be entirely transparent.

V. **Conclusion**

For the reasons stated above, Applicant respectfully submits that the public interest, convenience, and necessity would be furthered by a grant of this Application and any authority necessary to permit Applicant to complete the Transactions described herein. Accordingly, Applicant respectfully requests expedited treatment of this Application to permit Applicant to consummate the Transactions described herein as soon as possible.

Respectfully submitted,

By: 

Richard M. Rindler  
Edward S. Quill, Jr.  
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP  
3000 K Street, NW, Suite 300  
Washington, DC 20007-5116  
(202) 424-7500 (Tel)  
(202) 424-7645 (Fax)

COUNSEL FOR APPLICANT

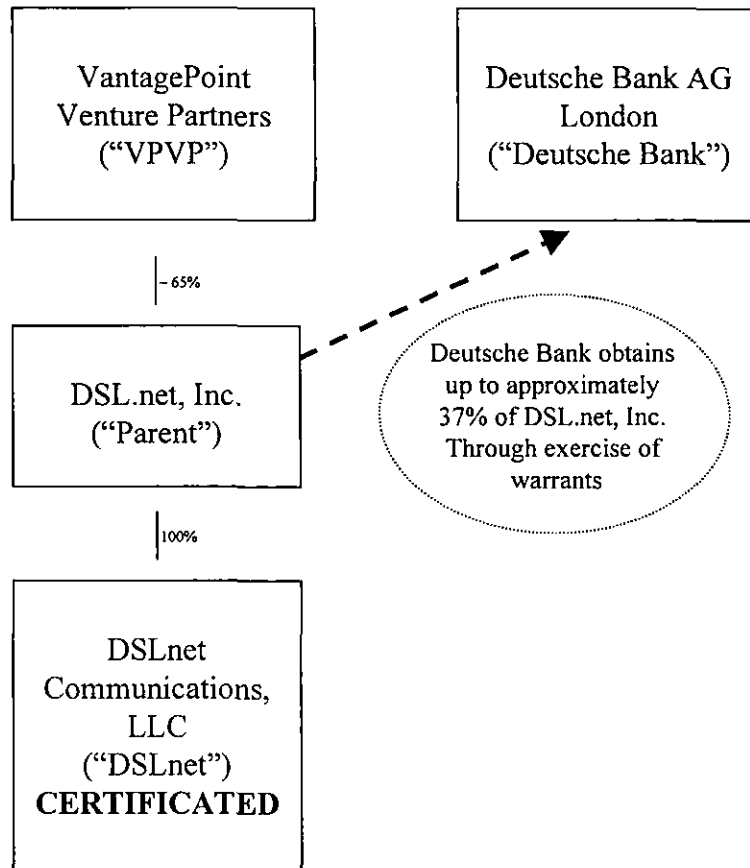
Dated: August 19, 2003

**Exhibit A**

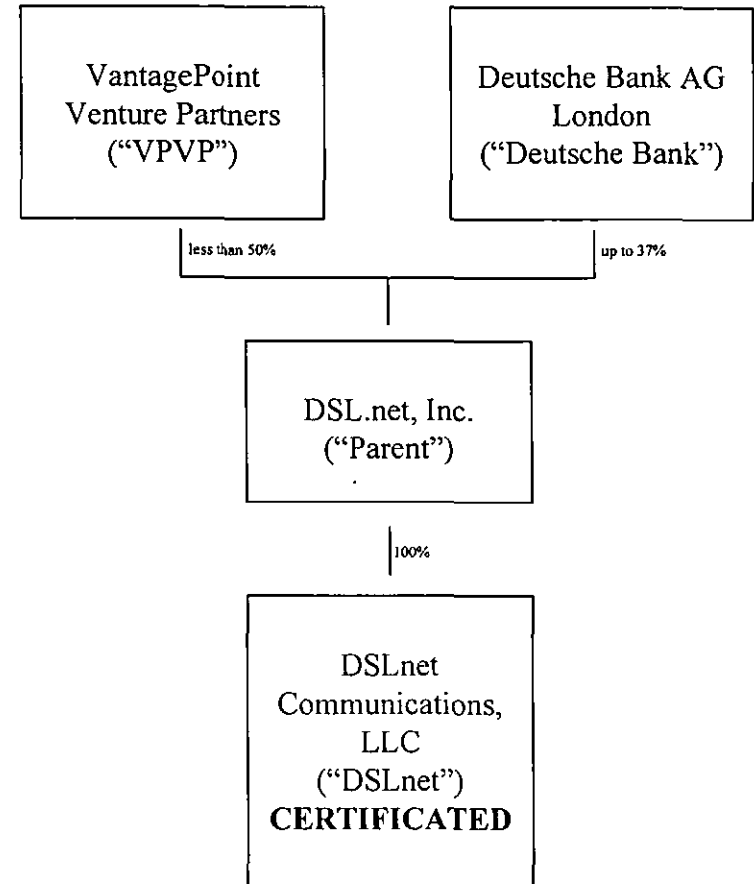
**Illustrative Chart**

# Illustrative Chart

## Pre-Transaction



## Post-Transaction

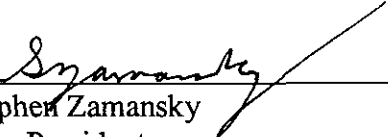


Verification

STATE OF CONNECTICUT                    )  
  )        ss:  
COUNTY OF NEW HAVEN                 )

**VERIFICATION**

I, Stephen Zamansky, state that I am Vice-President of DSLnet Communications, LLC (“DSLnet”); that I am authorized to make this Verification on behalf of DSLnet; that the foregoing Application was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Stephen Zamansky  
Vice-President  
DSLnet Communications, LLC

Sworn and subscribed before me this 24<sup>th</sup> day of July, 2003.

  
\_\_\_\_\_  
Kathleen Campora  
Notary Public

My commission expires 1/31/04

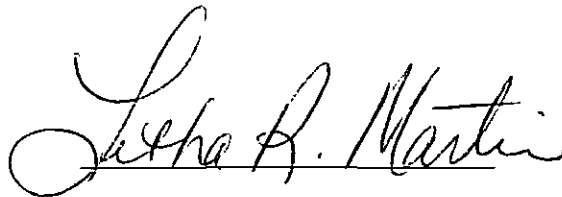
CERTIFICATE OF SERVICE

I hereby certify that I have on this day, the 10<sup>th</sup> day of August, 2003, served a true copy of the foregoing document(s) on the entities listed below, in accordance with the requirements of § 1.54 (relating to service by a participant):

Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA. 17101-1923

Bernard A. Ryan, Jr.  
Small Business Advocate  
Commerce Building Suite 1102  
300 North Second Street  
Harrisburg, PA 17101

Office of Attorney General  
Bureau of Consumer Protection  
Strawberry Square, 14<sup>th</sup> Floor  
Harrisburg, PA 17120

A handwritten signature in cursive script that reads "Lisha R. Martin". The signature is written in black ink and is positioned below the typed text of the certificate.

COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE  
Secretary  
717-772-7777

September 25, 2003

A-310824 F0006

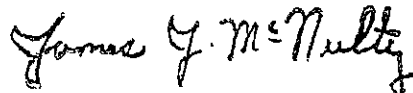
RICHARD M RINDLER ESQUIRE  
EDWARD S QUILL JR ESQUIRE  
SWIDLER BERLIN SHEREFF FRIEDMAN LLP  
3000 K STREET NW SUITE 300  
WASHINGTON DC 20007-5116

Dear Mr. Quill:

Receipt is acknowledged of the Application of DSLnet Communications, LLC for approval of Minority Transfer of Control, which has been captioned and docketed to the above number.

This matter will receive the attention of the Commission and you will be advised of any further necessary procedure.

Sincerely,



James J. McNulty  
Secretary

JJM:ddt

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**DOCKETED**

SEP 25 2003

**DATE:** September 25, 2003

**SUBJECT:** A-310824 F0006

**TO:** Bureau of Fixed Utility Services

**FROM:** James J. McNulty, Secretary *ddt*

**APPLICATION OF DSLNET COMMUNICATIONS LLC**

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We attach hereto a copy of the Application of DSLnet Communications, LLC, which has been captioned and docketed to the above number.

Applicant has served a copy of the application upon the Office of Consumer Advocate and the Office of Small Business Advocate, and has filed proof of such service with this Commission.

May we have a report prepared by your Bureau for Public Meeting.

Attachment

cc: Law Bureau

ddt

**DOCKETED**

SEP 25 2003

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