



BOULT • CUMMINGS®
CONNERS • BERRY PLC

RECEIVED

2007 JUL 27 PM 4:19

Henry Walker
(615) 252-2363
Fax: (615) 252-6363
Email: hwalker@boultcummings.com

T.R.A. DOCKET ROOM

July 27, 2007

Eddie Roberson, Chairman
Tennessee Regulatory Authority
460 James Robertson Pkwy.
Nashville, TN 37243-0505

07-00178

Re: *Petition of CII Holdco, Inc., Memphis Networkx, LLC, Memphis Light Gas & Water Division and Memphis Broadband, LLC for Approval of Change of Control of Memphis Networkx, LLC*

Dear Chairman Roberson:

Attached for filing is a petition seeking approval by the Authority of the sale of the outstanding membership interests of Memphis Networkx, LLC, from its current owners, Memphis Broadband, LLC and Memphis Light, Gas & Water Division to a new owner, CII Holdco, Inc.

A copy of the parties' contract is attached and the sale has been approved by the directors of MLG&W.¹ The Petitioners therefore ask that the Authority review and approve this change of control on an expedited basis.²

As explained in the Petition, this transaction will be transparent to the customers of Networkx and will provide Networkx with badly needed financial capital to continue and improve its operations.

Very truly yours,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

By:

Henry Walker

HW/djc

¹ On or about July 3, 2007, a lawsuit was filed in Shelby County Chancery Court in which the plaintiff sought to enjoin the sale of Networkx to CII. The parties have now agreed to dismiss the suit.

² Networkx has an immediate need for the additional financial support that CII, the new owner, will provide. If the parties find it necessary to close the transaction before the TRA has the opportunity to fully review and rule upon this Petition, the parties will so notify the agency and request that such approval be granted nunc pro tunc. See TRA Docket NO. 99-00327.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

July 27, 2007

*In re: Petition of CII Holdco, Inc., Memphis)
Networkx, LLC, Memphis Light Gas & Water)
Division and Memphis Broadband, LLC for)
Approval of Change of Control of Memphis
Networkx, LLC*

Docket No. _____

**PETITION OF CII HOLDCO, INC., MEMPHIS NETWORKX, LLC, MEMPHIS LIGHT GAS &
WATER DIVISION AND MEMPHIS BROADBAND, LLC FOR APPROVAL
OF CHANGE OF CONTROL OF MEMPHIS NETWORKX, LLC**

CII Holdco, Inc. ("CII") has entered into a contract with Memphis Light, Gas & Water Division ("MLG&W") and Memphis Broadband, LLC to purchase all of the issued and outstanding equity of Memphis Networkx, LLC, ("Memphis Networkx") a competitive local exchange telephone company certified by the Tennessee Regulatory Authority to offer intrastate communications services. See TRA Docket 99-00909 "Application of Memphis Networkx, L.L.C.," Order issued August 9, 2001. Upon completion of the proposed transaction, Memphis Networkx will continue to own and operate the certificate awarded by the Authority in Docket 99-00909, but CII will effectively control Memphis Networkx. The Petitioners therefore ask the Authority to approve this change of control of Memphis Networkx to CII pursuant to T.C.A. §65-4-113.¹

I. THE PETITIONERS

CII is a Delaware corporation that is wholly owned by Communications Infrastructure Investments, LLC ("CII-Parent" and together with CII, the "Company"), a Delaware limited liability company. CII and CII-Parent have a principal office located at 2010 8th Street, Boulder, Colorado 80302. The Company was recently organized to acquire and support long-term development of fiber-based

¹ Because this change of control does not involve the transfer of a certificate or the assets of a regulated utility, the Petitioners do not believe that T.C.A. §65-4-113 is applicable to this transaction. Although the Petitioners do not concede that the TRA has jurisdiction over this transaction, this filing contains the information described in T.C.A. §65-4-113.

bandwidth solutions-oriented businesses. The Company has the technical, managerial, and financial qualifications to acquire control of Memphis Networkx. The Company is operated by a highly qualified management team, all of whom have extensive backgrounds in the telecommunications industry.² The owners of CII have committed substantial financial resources to the Company both for the purpose of acquisitions and the funding of operations. If requested, CII will provide the Authority with a confidential description of those commitments and the financial capacity of CII to acquire the membership interest from MLG&W and Memphis Broadband, LLC and to continue to fund and operate Memphis Networkx. The Company recently completed the purchase of PPL Telecom, LLC located in Allentown, Pennsylvania. Like Memphis Networkx, PPL Telecom provides broadband connectivity for telecommunications carriers, internet service providers, and business users. Like Memphis Networkx, PPL Telecom owns an extensive network of fiber optic lines. Petitions of the approval of the sale are pending before the Federal Communications Commission and state regulatory commissions in Pennsylvania, New Jersey, New York and Virginia.

The address of CII is:

CII Holdco, Inc.
2010 8th Street
Boulder, CO 80302
(303) 381-4664 (Telephone)

Memphis Networkx is a Tennessee limited liability company. Its principal place of business is located at 7555 Appling Center Drive, Memphis, Tennessee 38133-5069. The company is wholly owned by Memphis Light, Gas & Water Division, a division of the City of Memphis, Tennessee, and Memphis Broadband, LLC, a Tennessee limited liability company. Memphis Broadband is described in detail in the "Amendment to the Application of Memphis Networkx" filed December 21, 2000, in Docket 99-00909.

II. DESIGNATED CONTACTS

² Attached as Exhibit 1 are descriptions of the telecommunications experience of Dan Caruso and John Scarano, the co-founders of CII.

The designated contact for questions regarding this Petition are:

CII Holdco, Inc.

Henry Walker
BOULT, CUMMINGS, CONNERS & BERRY, PLC
1600 Division Street, Ste. 700
Nashville, TN 37203
(615) 252-2363
hwalker@boultcummings.com

Scott Beer, General Counsel
CII HOLDCO, INC.
2010 8th Street
Boulder, CO 80302
(303) 381-4664
sbeer@ciinvestgroup.com

Memphis Networx, Inc.

Dan Platko, CEO
MEMPHIS NETWORX, LLC
7620 Appling Center Drive
Suite 101
Memphis, TN 38133

Memphis Broadband, LLC

Jay H. Lindy
BURCH PORTER & JOHNSON, PLLC
130 North Court Avenue
Memphis, TN 38103
(901) 542-5147
jlindy@bpjlaw.com

MLG&W

Mark Smith
MILLER & MARTIN
832 Georgia Avenue, Suite 1000
Chattanooga, TN 37402
(423) 785-8357
msmith@millermartin.com

III. DESCRIPTION OF THE TRANSACTION

On June 7, 2007, CII entered into a "Membership Interest Purchase Agreement" with MLG&W and Memphis Broadband to purchase for \$11,500,000 all of the issued and outstanding equity of Memphis Networx. A confidential copy of the "Membership Interest Purchase Agreement" is attached as Exhibit 2. The sale will not affect the operating authority of Memphis Networx which will remain with Memphis Networx nor will the sale affect the ownership of the assets of Memphis Networx, which will remain with Memphis Networx. Following the consummation of the transaction, Memphis Networx will continue to offer service with no immediate change in the management of the company or in its rates, terms or conditions of service to its customers. Therefore, the transfer of control will be seamless and transparent to customers. Memphis Networx will continue to provide high quality communications

services and, as a result of this transaction, will access the necessary financial resources to introduce new products and services in order to remain competitive in the telecommunications industry.

IV. PUBLIC INTEREST STATEMENT

Petitioners submit that the transaction described herein will serve the public interest. The proposed transaction will provide Memphis Network access to CII's substantial technical and management expertise and financial resources. These benefits are expected to strengthen the ability of Memphis Network to expand their offerings and provide more advanced telecommunications services to a broader customer base. CII expects that the proposed acquisition will enable Memphis Network to strengthen their competitive positions to the benefit of customers and the telecommunications marketplace.

This transaction will also benefit the public interest and conserve the resources of the TRA by eliminating the need for the numerous audits and operational requirements which were agreed to by Memphis Network and approved by the Authority in order to comply with the provisions of T.C.A. §7-52-103, concerning the offering of telecommunications services by a municipal electric utility such as MLG&W in a joint venture with a third party such as Memphis Broadband. See TRA Docket 99-00909, Final Order at pp. 29-34. Once this transaction is completed, these statutory restrictions will no longer apply to Memphis Network and the extensive conditions imposed in Docket 99-00909 pursuant to those statutes will be moot.

V. CONCLUSION


The purchase of operational control of Memphis Network by CII will benefit the consuming public. Although the immediate impact of the transaction will be transparent to the public, the purchase will allow Memphis Network access to the additional financial resources it needs to expand and improve its service.

For those reasons, Petitioners respectfully request that the TRA expedite and approve this change in control so that the transaction may proceed without undue delay.

Respectfully submitted,
BOULT, CUMMINGS, CONNERS & BERRY, PLC

By: 

Henry Walker
1600 Division Street, Suite 700
P.O. Box 340025
Nashville, Tennessee 37203
(615) 252-2363

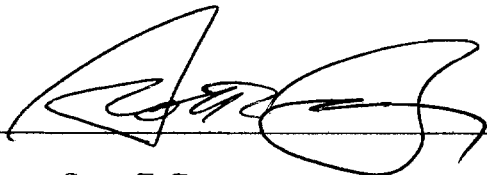

Dan Platko, CEO
Memphis Network, LLC
7620 Appling Center Drive
Suite 101
Memphis, TN 38133


Jay H. Lindy
BURCH PORTER & JOHNSON, PLLC
130 North Court Avenue
Memphis, TN 38103


Mark Smith
MILLER & MARTIN
832 Georgia Avenue, Suite 1000
Chattanooga, TN 37402
(423) 785-8357
msmith@millermartin.com

VERIFICATION

I Scott E. Beer, General Counsel and Secretary of CII HoldCo, Inc., first being duly sworn on oath, deposes and says that he/she has read the foregoing Petition and certifies that the statements made therein are true and correct to the best of his/her knowledge, information and belief.



Name: Scott E. Beer

Address: 2010 8th St., Boulder CO 80302

Philip Devlin acknowledged the foregoing instrument before me this 21 day of June, 2007.



Notary Public

My Commission Expires: 09/27/2010

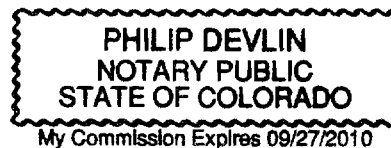


EXHIBIT 1

CII Holdco, Inc.

Executive Bios

Dan Caruso (Co-Founder of CII)

Dan Caruso has 20 years of experience in the Communications and Internet industries. Dan was most recently the President and CEO of ICG Communications, a major provider of telecommunications and Internet service in Colorado and Ohio. Dan is executive chairman of Envysion a venture backed company providing Internet-based video surveillance services. Dan is chairman of VoicePipe, a provider of retail VOIP services and is on the board of NGT Communications, the leading provider of wholesale VoIP services.

Dan was a founding executive member and officer of Level 3 Communications, Inc, where he was group vice president of Lines of Business and Marketing and group vice president of Network Services. Previously, Dan was a senior vice president at WorldCom and MFS Communications, where he had various responsibilities in business development, network planning, and operations. Dan began his career at Ameritech (now part of AT&T) in an executive management program. Since 2003, Dan has served on the board of Colorado Uplift, a charity focused on supporting inner-city youths. He holds a MBA from the University of Chicago and a B.S. degree from the University of Illinois.

John Scarano (Co-Founder of CII)

John Scarano has 17 years of experience in the wireline and wireless communications industries. John was most recently EVP of Corp Devt. and Operations of ICG responsible for strategy, acquisitions and divestitures, business development and various other operations. John is on the board of VoicePipe and is an observer on the board of NGT.

John began with Level 3 Communications at its inception and was responsible initially for the development and build-out of Level 3's North American intercity backbone network, local networks and facilities. These were completed ahead of schedule within 33 months for \$6.2B. John then founded and lead the Company's Global Business Development group and lead to close more than 30 transactions valued at approximately \$1.6B.

John held various executive and staff positions in global operations and business development at MFS Communications (acquired by WorldCom) and AT&T. While at AT&T, John was responsible for the commercial delivery of the first digital air-to-ground communications system. John was an elected Town Board member in Orange County, NY, for 7 years holding the elected offices of Councilman and Deputy Supervisor. John earned a combined degree in Business Administration and Computer Science from the State University of NY at Albany in 1987.

EXHIBIT 2

Confidential and Filed Under Seal