

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 8, 2006

IN RE:

**JOINT PETITION OF PAETEC COMMUNICATIONS,
INC. AND AMERICAN LONG LINES, INC. FOR
APPROVAL OF MERGER**

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**DOCKET NO.
05-00303**

ORDER APPROVING MERGER AND CUSTOMER NOTIFICATION LETTER

This matter came before Chairman Ron Jones, Director Deborah Taylor Tate and Director Pat Miller of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on November 21, 2005 for consideration of the *Joint Petition* for approval of merger filed on November 1, 2005 by PAETEC Communications, Inc. ("PAETEC") and American Long Lines, Inc. ("AMLL").

The Joint Petition

The *Joint Petition* was filed on November 1, 2005 notifying the Authority of the parties' intent to undergo a transaction whereby AMLL and PAETEC, which are both wholly owned subsidiaries of PAETEC Corp., will be merged into PAETEC.

PAETEC is a privately held Delaware corporation with principal offices located in Fairport, New York. PAETEC is a wholly owned subsidiary of PAETEC Corp., a privately held Delaware holding company. PAETEC Corp. is the holding company of several subsidiaries, including the parties to this proceeding. In Tennessee, PAETEC is authorized to operate as a reseller of intrastate interexchange services pursuant to certification granted by the TRA in

Docket No. 98-00691 on December 1, 1998. PAETEC is also authorized to provide interexchange and/or competitive local exchange service in numerous other states pursuant to certification, registration or tariff requirements, or on a deregulated basis. In addition, PAETEC is authorized by the Federal Communications Commission to provide international services as a non-dominant carrier.

AMLL is a Pennsylvania corporation with headquarters located in Fairport, New York. AMLL is also a wholly owned subsidiary of PAETEC Corp. AMLL offers resold local and long distance telecommunications services in markets throughout the United States, primarily in the northeast United States. AMLL is authorized to operate as a reseller of interstate interexchange services pursuant to certification granted by the TRA in Docket No. 97-00094 on April 29, 1997. AMLL has six (6) long distance customers in Tennessee that will be impacted by the merger. PAETEC Corp. received approval from the Authority to acquire AMLL on February 28, 2005 in Docket No. 05-00011.

After the merger is complete, PAETEC will provide service to the AMLL customers, and AMLL will discontinue providing service to these customers. The proposed merger and discontinuance will result in a change in the service provider for AMLL's current customers, and those customers will become the customers of PAETEC. Following the transaction, PAETEC will provide telecommunications services to AMLL's current customers pursuant to the authority granted to PAETEC by the Authority. The rates, terms and conditions of service will be provided pursuant to the existing contracts assumed by PAETEC, or pursuant to PAETEC's tariffs. There will be no immediate changes to the rates and services provided to AMLL's current customers, and upon expiration of any service contracts with those customers, they will have the option to continue service with PAETEC pursuant to its then-current rates, terms and conditions or other negotiated agreements, or to select service from another telecommunications

service provider. PAETEC will request cancellation of AMLL's authorization to provide telecommunications service in Tennessee only upon completion of the proposed merger.

The November 21, 2005 Authority Conference

The transfer at issue in this docket is governed by Tenn. Code Ann. § 65-4-112 (2004). Tenn. Code Ann. § 65-4-112 (2004) requires that public utilities obtain TRA approval before merging or consolidating property, rights or franchises with utilities of like character holding a certificate of public convenience and necessity ("CCN") in the State of Tennessee. Tenn. Code Ann. § 65-4-112(a) (2004) provides:

No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the [A]uthority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

Regarding the transfer of customer base, Authority Rule 1220-4-2-.56(2) (d) states:

(d) In the case of a transfer of a customer base between two or more telecommunications service providers, the Authority, upon petition by the acquiring telecommunications service provider, may deem that sufficient notice has been given and approval received from the affected customers when the following criteria are met:

...

2. A notification letter, pre-approved by the Authority, shall be mailed by the current provider of telecommunications service to its customers describing the customer transfer and explaining that unless the customer selects another telecommunications service provider, the customers' local or long distance service will be transferred to the acquiring telecommunications service provider by a date specified in the notification letter. The notification letter shall be mailed by U.S. First Class Postage, with the logo or name of the current provider displayed on both the letterhead and the exterior envelope, no less than thirty (30) days prior to the actual customer transfer. For good cause shown, the Authority may waive any requirement of this part or order any requirement thereof to be fulfilled by the acquiring provider. Good cause includes, but is not limited to, evidence that the current provider is no longer providing service in Tennessee.

3. The acquiring telecommunications service provider agrees to pay any fees charged to the customer associated with changing service to the acquiring

telecommunications service provider. The notification letter required in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision.

4. The acquiring telecommunications service provider agrees to provide to the affected customers a thirty (30) day written notice of any rate increase that may affect their service up to ninety (90) days from the date of the transfer of customers. The notification letter mentioned in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision.

At the regularly scheduled Authority Conference held on November 21, 2005, the panel found that no person or entity has intervened to contest the Petitioners' assertions that the merger will allow PAETEC to more efficiently serve their customers and strengthen its competitive position nor has any person or entity intervened to contest any other aspect of the merger. In addition, the panel found that PAETEC will survive the transaction as a certificated competing carrier and will continue to provide competitive services in Tennessee.

The panel voted unanimously to approve the merger pursuant to Tenn. Code Ann. § 65-4-112 (2004), waived the pre-approval provision of Authority Rule 1220-4-2-.56(2)(d) and approved the customer notification letter filed by PAETEC on November 16, 2005. The panel also voted unanimously to cancel the CCN of AMLL effective upon receipt by the Authority of notification that the merger has been completed.

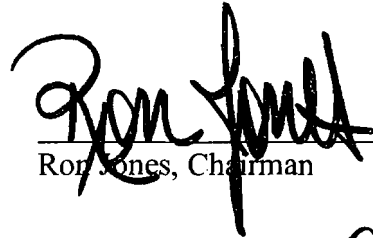
IT IS THEREFORE ORDERED THAT:

1. The merger of American Long Lines, Inc. into PAETEC Communications, Inc. as described in the *Joint Petition* and discussed herein is approved pursuant to Tennessee Code Annotated § 65-4-112 (2004).

2. Pre-approval of the customer notification letter by the Authority, as provided in Authority Rule 1220-4-2-.56(2)(d)(2), is waived.

3. The customer notification letter filed on November 16, 2005, is approved pursuant to Authority Rule 1220-4-2-.56(2)(d).

4. The certificate of public convenience and necessity of American Long Lines, Inc. shall be canceled effective upon receipt by the Authority of notification that the merger has been completed.



Ron Jones, Chairman

Deborah Taylor Tate, Director¹



Pat Miller, Director

¹ Director Tate voted in agreement with the other directors but resigned her position as director before the issuance of this order.