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August 11, 2006

Chairman Sara Kyle
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

HAND DELIVERED

06-00206

Re: Joint Application of Xspedius Management Co. Switched Services, LLC, Xspedius Management Co. of Chattanooga, LLC, Xspedius Communications, LLC and Time Warner Telecom Inc. for Approval of a Change in Ownership of Authorized Telecommunications Providers in Connection with a Merger and Debt Issuance Transaction.

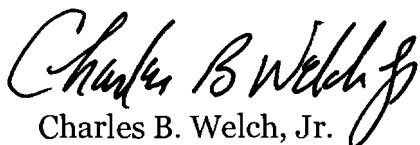
Dear Chairman Kyle:

Please find enclosed, an original and 14 copies of the referenced Joint Application accompanied by the \$100.00 filing fee. Please date stamp a copy for my records.

Thank you for your assistance regarding this matter. If we can be of further assistance, please do not hesitate to contact us.

Very truly yours,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC


Charles B. Welch, Jr.

CBW/jrh
Enclosures

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 14, 2006

IN RE:)
)
Joint Application of Xspedius Management)
Co. Switched Services, LLC, Xspedius)
Management Co. of Chattanooga, LLC,) **Docket No. _____**
Xspedius Communications, LLC and Time)
Warner Telecom Inc. for Approval of a)
Change in Ownership of Authorized)
Telecommunications Providers In Connection)
with a Merger and Debt Issuance Transaction)

**APPLICATION FOR APPROVAL OF PROPOSED
MERGER AND ISSUANCE OF DEBT**

Xspedius Management Co. Switched Services, LLC, Xspedius Management Co. of Chattanooga, LLC (together, "Xspedius Certificated Subsidiaries"), Xspedius Communications, LLC ("Xspedius Parent," and together with Xspedius Certificated Subsidiaries, "Xspedius") and Time Warner Telecom Inc. ("Time Warner Telecom") (Xspedius and Time Warner Telecom, collectively, the "Applicants"), by their counsel and pursuant to Tenn. Code Ann. §§ 65-4-109, -112 & -113, hereby respectfully request authority from the Tennessee Regulatory Authority ("Authority"), to the extent it may be required, to transfer control of Xspedius Certificated Subsidiaries as a result of the acquisition of Xspedius Parent by Time Warner Telecom.¹ The proposed transaction is a

¹ Time Warner Telecom also has an operating subsidiary in Tennessee, Time Warner Telecom of the Mid-South LLC, that is certificated to provide local and long distance telecommunications services in Tennessee. This entity is not affected by the proposed transfer of
(... continued)

parent holding company level transaction; that is, the membership interests of the Xspedius Certificated Subsidiaries will remain wholly owned by Xspedius Parent and will not be directly affected by the proposed transfer of control described herein.

Pursuant to the terms of an Agreement and Plan of Merger (“Agreement”) dated July 27, 2006 among Time Warner Telecom, Xspedius Parent and various affiliated entities,² as described in more detail below, Time Warner Telecom will acquire the membership interests of Xspedius Parent. As a result, Xspedius Parent will become a wholly-owned subsidiary of Time Warner Telecom. Accordingly, the Applicants request Authority approval to transfer control of the Xspedius Certificated Subsidiaries to Time Warner Telecom. The proposed transaction is not expected to result in any loss or impairment of service to any of the customers of Xspedius. The change in control does not involve a transfer of operating authority, assets or customers, and therefore, will not affect the identity of the utilities authorized to provide telecommunications services in Tennessee. Xspedius will continue to offer the same services at the same rates, terms, and conditions as at present. Accordingly, the transaction will be transparent to consumers. The only change will be that the Xspedius Certificated Subsidiaries will be under the ultimate control of Time Warner Telecom.

The closing of the transaction is contingent upon receipt of the necessary regulatory approvals, among other things. Therefore, the Applicants request the Authority grant all relief sought herein as expeditiously as possible so the Applicants can

control except as described herein. At this time, it will continue to operate pursuant to its existing authorization and ownership.

² The affiliated entities are XPD Acquisition, LLC, Xspedius Management Co., LLC and Xspedius Holding Corp.

close the transaction as soon as practicable, but no later than October 20, 2006 to enable the Applicants to meet critical business objectives.

In support of this Application, the Applicants provide the following information:

I. APPLICANTS

A. Time Warner Telecom Inc.

Through its operating subsidiaries, Time Warner Telecom Inc. ("Time Warner Telecom") (NASDAQ: TWTC), a publicly held Delaware corporation headquartered in Littleton, Colorado, is a leading provider of voice and/or data networking solutions to business customers in 25 states and 44 U.S. metropolitan areas. Time Warner Telecom also supplies dedicated Internet access, and local and long distance voice services for long distance carriers, wireless communications companies, incumbent local exchange carriers and enterprise organizations in the healthcare, finance, higher education, manufacturing, and hospitality industries. As of March 31, 2006, Time Warner Telecom's fiber networks covered 13,913 local route miles and 7,015 regional route miles. Time Warner Telecom continues to expand its IP backbone data networking capability between markets supporting end-to-end Ethernet connections for customers, and has selectively interconnected existing service areas within regional clusters with fiber optic facilities that it owns or leases from other carriers.

Time Warner Telecom's operating subsidiaries offer local and long distance telecommunications services in 25 states, including Tennessee.³ Time Warner Telecom

³ See Docket No. 93-02980, Order issued August 24, 1995 by the Tennessee Public Service Commission approving certification of Time Warner Telecom of the Mid-South, LLC as a facilities-based telecommunications provider in Tennessee. Time Warner Telecom's other Operating Subsidiaries are authorized to provide telecommunications services in the following states: Arizona, California, Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, (. . . continued)

is also authorized to provide both domestic interstate and international telecommunications services by the Federal Communications Commission. Immediately after closing of the transaction, Time Warner Telecom and its subsidiaries will not be affected by the proposed transfer of control described herein, except to the extent their assets are pledged to secure additional indebtedness issued to finance a portion of the transaction and will continue to operate under their same names, tariffs, rates, contract terms, and conditions as at present. Similarly, the ownership of Time Warner Telecom will not be affected by the transaction.

A diagram showing the current corporate structure of Time Warner Telecom and its Tennessee operating subsidiary is appended hereto as **Exhibit A**.

B. Xspedius Communications, LLC

Xspedius Communications, LLC ("Xspedius Parent") is a Delaware limited liability company that is privately-held and located at 5555 Winghaven Boulevard, O'Fallon, Missouri 63368-3626. Xspedius provides advanced, integrated telecommunications services targeted to small and medium-sized business customers, including local and long distance telephone services in combination with enhanced communication features. Through its subsidiaries, Xspedius Parent currently offers competitive local and long distance telecommunications services in 20 states, and the District of Columbia, including Tennessee, operating 2,800 fiber route miles as of March 31, 2006, in 43 markets.⁴ In Tennessee, the Xspedius Certificated Subsidiaries are

Kentucky, Minnesota, Mississippi, New Jersey, New York, Nevada, New Mexico, North Carolina, Ohio, Oregon, South Carolina, Texas, Utah, Washington, and Wisconsin.

⁴ Subsidiaries of Xspedius Parent offer telecommunications services in the following states: Alabama, Arizona, Arkansas, Colorado, DC, Florida, Georgia, Kansas, Kentucky, (. . . continued)

authorized to provide long distance and competitive local exchange telecommunications services.⁵ Xspedius Parent is also authorized to provide both domestic interstate and international telecommunications services by the Federal Communications Commission. Following consummation of the proposed transaction, the Xspedius Certificated Subsidiaries will continue to operate under their current names and CCNs issued by the Authority, and their business licenses as filed with the Tennessee Secretary of State.

A diagram showing the current corporate structure of Xspedius is provided in **Exhibit B**.

II. DESIGNATED CONTACTS

The designated contact for this Application is:

Charles B. Welch, Jr.
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Facsimile: (615) 726-1776
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Counsel for Time Warner Telecom

Louisiana, Maryland, Mississippi, Missouri, North Carolina, Nevada, New Mexico, Oklahoma, South Carolina, Tennessee, Texas, and Virginia.

⁵ See *In Re: Joint Application of ACSI, American Communications and Xspedius Management for Expedited Approval of Transfer of Assets and Discontinuance of Services In Tennessee By the E.Spire Operating Entities*, Order Approving Transfer of Authority, August 28, 2002, Docket No. 02-00714.

With copies to:

For Time Warner Telecom

Paul Jones
SVP, General Counsel and
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Rochelle Jones
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For Xspedius Parent

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III. DESCRIPTION OF THE TRANSACTION

A. General Terms and Conditions

The Agreement⁶ provides that Xspedius Parent will become a wholly owned subsidiary of Time Warner Telecom. To facilitate this transaction, Time Warner Telecom has created a wholly owned subsidiary called XPD Acquisition, LLC ("XPD"), a Delaware limited liability company established for the purpose of completing the

⁶ A copy of the executed Agreement is appended hereto as Exhibit D. Please note that the Agreement is confidential and is being filed under seal.

transfer of control transaction and other transactions contemplated by the Agreement. Pursuant to the Agreement, XPD will merge with and into Xspedius Parent, with Xspedius Parent continuing as the surviving corporation and as a wholly owned subsidiary of Time Warner Telecom (the “Transaction”).

At the time of the Transaction, all of the ownership interests of Xspedius Parent immediately prior to the Transaction shall cease to exist in exchange for consideration consisting of Time Warner Telecom stock and cash received by the owners of Xspedius Parent. As a result of XPD merging into Xspedius Parent, Time Warner Telecom will own 100% of the membership interests of Xspedius Parent. The surviving parent company of the Xspedius Certificated Subsidiaries is Xspedius Parent. Consummation of the Transaction is contingent on the receipt of the required regulatory approvals, among other things.⁷

The proposed Transaction does not involve the transfer of any operating authority, assets, or customers. Immediately following the closing, the Xspedius Certificated Subsidiaries and the Time Warner Telecom operating subsidiaries will continue to offer to their customers the same services at the same rates, terms, and conditions as at present pursuant to existing authorizations, tariffs, contracts, and published rates and charges. Accordingly, the contemplated Transaction will be transparent to consumers. The

⁷ Time Warner Telecom, Xspedius Parent, and other operating subsidiaries of Xspedius Parent are in the process of making similar filings, where required, in all other states in which the Xspedius operating subsidiaries are authorized to provide intrastate telecommunications services. Applications are being filed in the following states: Arizona, Georgia, Louisiana, Mississippi, North Carolina, and Virginia. Notifications will be filed in the following states: Alabama, Arkansas, DC, Florida, Kansas, Kentucky, Maryland, Missouri, Nevada, New Mexico, Oklahoma, and South Carolina. A similar application was filed on August 1, 2006 with the FCC and is on Public Notice as of August 11, 2006.

Authority has already reviewed and passed on Time Warner Telecom's financial, managerial, and technical qualifications to be a parent of an authorized telecommunications company in Tennessee in connection with the certification docket of its Tennessee operating subsidiary, which is incorporated herein by reference. The only change will be that Xspedius will be under the ultimate ownership and control of Time Warner Telecom. The combined company will continue to assess the benefits of post-closing consolidations, market coverage and/or mergers of the operating entities. When and if the combined company determines it will pursue such plans, it will seek all appropriate regulatory approvals.

A diagram showing the corporate structure of Time Warner Telecom and its subsidiaries post-closing is provided in **Exhibit C**.

B. Debt Financing

1. In 2004, Time Warner Telecom Holdings Inc. obtained approval to issue and sell notes in an aggregate amount of \$400 million in fixed rate Senior Notes, \$400 million in floating rate Senior Notes, and to enter into a revolving credit facility ("Term Loan B Credit Facility") in the amount of \$150 million in Docket No. 04-00051⁸ ("2004 Credit Agreement"). The obligations under the floating notes and the credit facilities were guaranteed by state operating subsidiaries of Time Warner Telecom Holdings, Inc. including the Tennessee subsidiary, Time Warner Telecom of the Mid-South, LLC, through pledges of stock and all tangible and intangible assets.

⁸ See *In Re: Petition of Time Warner Telecom Inc., Time Warner Telecom Holdings Inc., and Time Warner Telecom of the Mid-South LLC for Approval to Issue Debt*, Order Approving Financing Transactions, May 18, 2004, Docket No. 04-00051.

2. In 2006, Time Warner Telecom obtained approval to reallocate a portion of its total indebtedness by increasing the amount of its Term Loan B Credit Facility from \$150 million to an amount not to exceed \$200 million without increasing Time Warner Telecom Holding Inc.'s total indebtedness amount of \$950 million under the 2004 Credit Agreement in Docket No. 06-00094.⁹

3. Time Warner Telecom through its subsidiary Time Warner Telecom Holdings Inc. seeks approval to restructure its existing debt for the purpose of funding operational expenses and the cash consideration to be paid to the owners of Xspedius Parent in an amount of approximately \$213 million. The net effect of this restructure will be a maximum incremental increase of \$220 million in Time Warner Telecom's total debt.

4. The funds will be used to fund ongoing operations and finance the cash portion of the Xspedius acquisition. Time Warner Telecom will extinguish a portion of its existing debt and receive a more favorable interest rate for a portion of the remaining indebtedness.

5. Time Warner Telecom seeks authority to pledge all the assets of all its wholly owned subsidiaries, including the Tennessee operating entities, and all of the assets of the acquired Xspedius Certificated Subsidiaries, as collateral to secure the debt facilities. These assets include, without limitation, all tangible and intangible assets, network facilities, equipment, and inventory.

⁹ See *In Re: Petition of Time Warner Telecom Inc., Time Warner Telecom Holdings Inc., and Time Warner Telecom of the Mid-South LLC to Reallocate Existing Indebtedness*, Order Approving Financing Transaction, June 6, 2006, Docket No. 06-00094.

6. As the specific details of the proposed financing transactions contain information Time Warner Telecom considers to be proprietary and confidential.

7. No franchise or right is proposed to be capitalized, directly or indirectly, as a result of, or in connection with, the proposed issuance of debt referred to herein.

8. The requested financing authority will strengthen Time Warner Telecom's ability to compete and expand in the highly competitive local exchange market for telecommunications customers in Tennessee by giving the Time Warner Telecom access to greater financial resources, which will provide the ability to better respond to the competitive pressures in the telecommunications market.

IV. PUBLIC INTEREST STATEMENT

The proposed Transaction will serve the public interest. Xspedius Parent and Time Warner Telecom, and their respective subsidiaries, as a combined company, will be better equipped to devote resources to introducing new products and services, and expanding service offerings in their service territories. Time Warner Telecom's acquisition of Xspedius will invigorate Xspedius and allow it the financial resources necessary for it to continue to provide high quality services and aggressively compete for customers. The combined organization will benefit from increased economies of scale permitting it to operate more efficiently, realize substantial financial synergies, and increase its operating income and free cash flow. The Transaction should achieve significant annualized cost synergies of approximately \$40 to \$50 million, within 12 to 18 months of closing, by leveraging existing local and regional operating structures and optimizing network capabilities and costs. The combination of Time Warner Telecom and Xspedius thus will promote competition in the provision of telecommunications services.

The Applicants believe the integration of the Time Warner Telecom and Xspedius networks will allow the combined company to improve delivery of services to customers, reduce network costs, improve operating results and better compete head-to-head with other telecommunications companies in the nationwide local telecommunications services markets. The post-closing Time Warner Telecom will solidify Time Warner Telecom's position as one of the nation's largest independent competitive providers of national local telecommunications and broadband services, serving 75 markets. As such, the Transaction will strengthen an independent national competitor which will inure to the benefit of both existing and prospective Time Warner Telecom and Xspedius customers. In light of the recent Regional Bell Operating Company megamergers – Verizon/MCI and AT&T/SBC/BellSouth – CLECs such as Time Warner Telecom and Xspedius need to expand to a size allowing them to compete with the vast resources of these new megacompanies. For example, even after the Transaction, Time Warner Telecom's revenues will be less than 1% of the projected AT&T/SBC/BellSouth combination.

Further, immediately after consummation of the Transaction, the Xspedius Certificated Subsidiaries will continue to provide service to current customers without material change in rates, terms, or conditions of service. Therefore, the Transaction will be virtually transparent to Xspedius customers. Any future changes in the entities providing service, their tariffs or names would be effected in accordance with all applicable Authority requirements.¹⁰

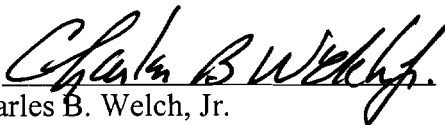
¹⁰ The contemplated transfer of control does not raise any slamming concerns or necessitate compliance with FCC or state procedures to notify customers prior to a carrier-to-carrier sale or transfer of subscribers as the contemplated transaction does not involve any change
(... continued)

VI. CONCLUSION

Based on the foregoing, Applicants respectfully submit that the public interest, convenience, and necessity would be served by grant of this Application. The Applicants request the Authority approve the transfer of control and debt issuance described herein and any other relief the Authority deems appropriate.

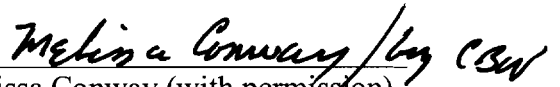
Respectfully submitted,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC

By: 
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618 Church Street, Suite 300
Nashville, Tennessee 37219
Telephone: (615) 726-1200

Counsel for Time Warner Telecom

KELLEY DRYE & WARREN LLP

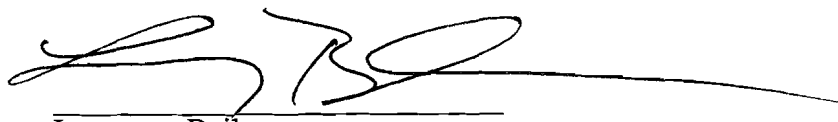
By: 
Melissa Conway (with permission)
Brad E. Mutschelknaus
3050 K Street, NW, Suite 400
Washington, DC 20007
Telephone: (202) 342-8552

Counsel for Applicants

in a customer's existing service provider. The Xspedius customers will remain with their respective companies and will continue to be served under their existing authorizations.

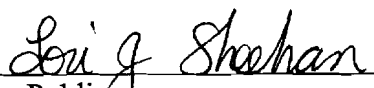
VERIFICATION

I, Lawrence Beilenson, am General Counsel of Xspedius Communications, LLC and am authorized to represent it and its affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to Xspedius Communications, LLC and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.



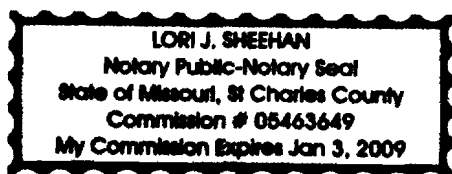
Lawrence Beilenson
General Counsel
Xspedius Communications, LLC

Subscribed and sworn to before me this 10 day of August 2006.



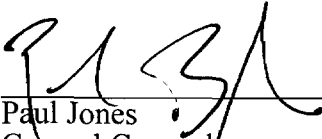
Notary Public

My Commission expires: 1-3-09



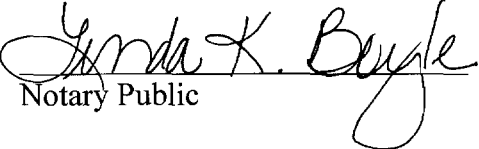
VERIFICATION

I, Paul Jones, am General Counsel of Time Warner Telecom Inc. and am authorized to represent it and its affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to Time Warner Telecom Inc. and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.



Paul Jones
General Counsel
Time Warner Telecom Inc.

Subscribed and sworn to before me this 10th day of August 2006.



Notary Public

My Commission expires: May 17, 2008

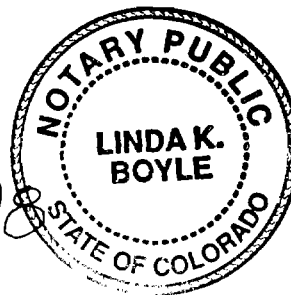
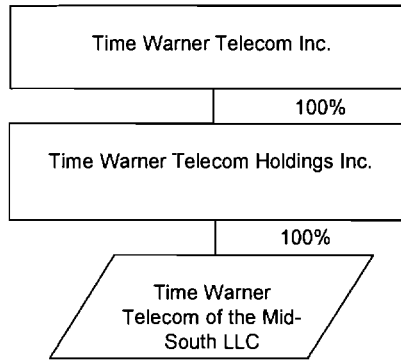


Exhibit A

**Time Warner Telecom Inc. & Tennessee Subsidiaries
Pre Merger Structure**






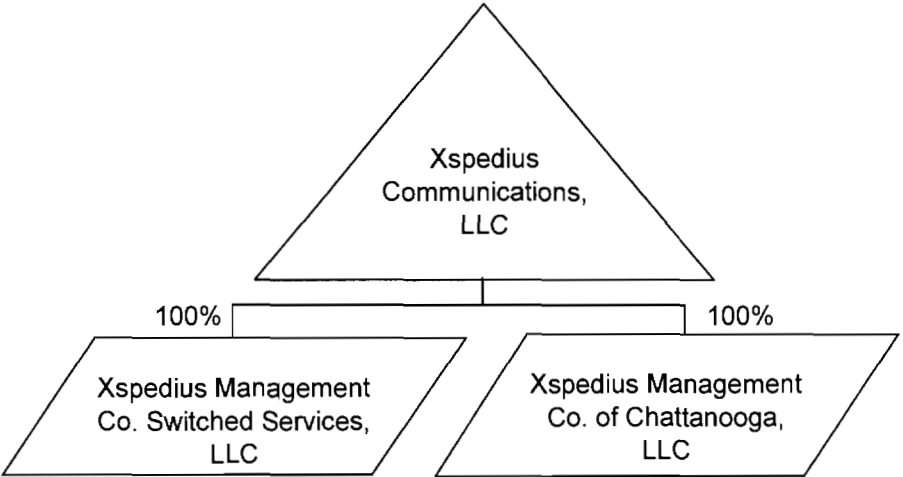
Legend	
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LLC Disregarded for Tax:	
LP Disregarded for Tax:	

Exhibit B

**Xspedius Communications, LLC & Tennessee Subsidiaries
Pre Merger Structure**






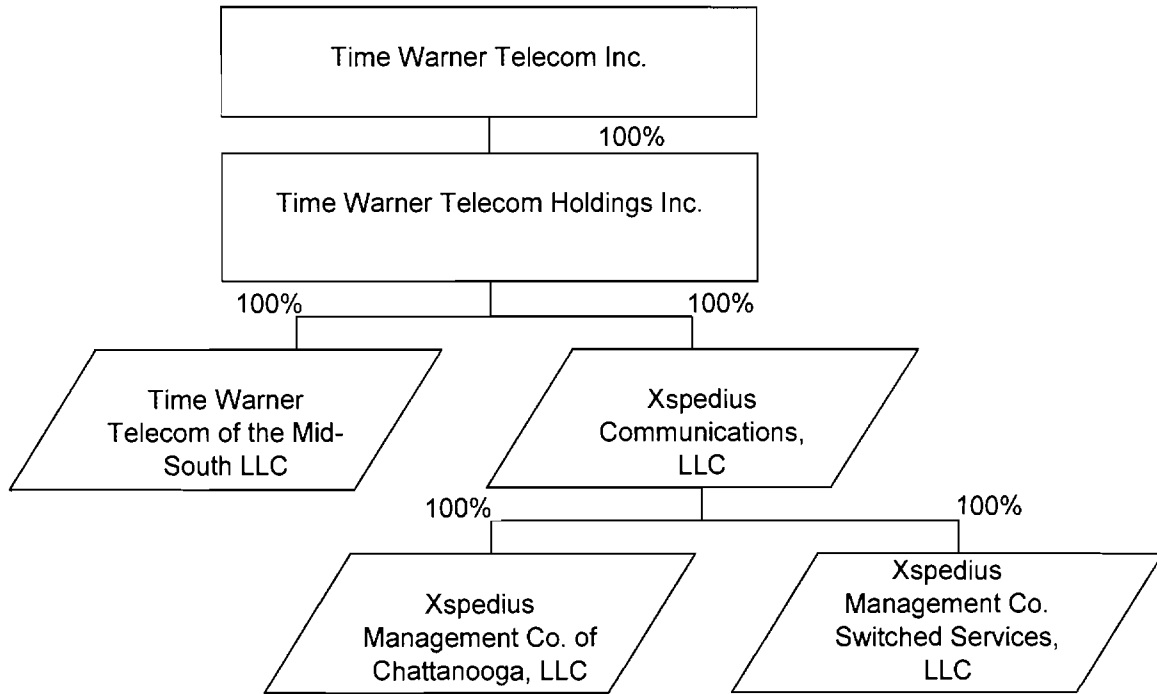
Legend	
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LLC Disregarded for Tax:	
LLC Partnership for Tax:	

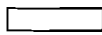
Exhibit C

**Time Warner Telecom Inc. & Tennessee Subsidiaries
TN Proposed Post Merger Structure**



Legend

Corporation:



LLC Disregarded for Tax:



LP Disregarded for Tax:

