

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

May 25, 2007

IN RE:)
)
JOINT APPLICATION OF TIME WARNER)
TELECOM OF THE MID-SOUTH LLC,)
XSPEDIUS MANAGEMENT CO.)
SWITCHED SERVICES, LLC AND)
XSPEDIUS MANAGEMENT CO.)
OF CHATTANOOGA, LLC FOR APPROVAL)
OF AUTHORIZATION TO TRANSFER)
ASSETS AND TO CANCEL CERTIFICATES)
OF PUBLIC CONVENIENCE AND)
NECESSITY)

Docket No. 07-00143

filed electronically 5/25/07 @ 3:01pm

**JOINT APPLICATION FOR APPROVAL OF AUTHORIZATION TO
TRANSFER ASSETS AND TO CANCEL CERTIFICATES OF
PUBLIC CONVENIENCE AND NECESSITY**

Time Warner Telecom of the Mid-South LLC ("TWT-MS"), a wholly-owned subsidiary of Time Warner Telecom, Inc. ("TWTC"), Xspedius Management Co. Switched Services, LLC and Xspedius Management Co. of Chattanooga, LLC (jointly "Xspedius") (collectively, the "Applicants"), by and through their undersigned counsel and pursuant to Tenn. Code Ann §§ 65-4-112 & -113, hereby respectfully request that the Tennessee Regulatory Authority ("Authority") (a) approve or grant such authority as may be necessary to allow for the transfer of all of Xspedius' assets, including customer base, to TWT-MS; and (b) cancel the Certificates of Public Convenience and Necessity ("CCN") of Xspedius.

Pursuant to the terms of an Agreement and Plan of Merger (“Agreement”) between TWTC and Xspedius, as approved by the Authority in Docket No. 06-00206,¹ TWTC acquired the membership interests of Xspedius. As a result, Xspedius became a wholly-owned subsidiary of TWTC. Accordingly, the Applicants now request Authority approval to transfer ownership and control of all Xspedius Certificated Subsidiaries assets, including its customer base, to Time Warner Telecom of the Mid-South, LLC. The proposed transaction is not expected to result in any loss or impairment of service to any of the customers of Xspedius.

The closing of the transaction is contingent upon receipt of the necessary regulatory approvals,² among other things. Therefore, the Applicants request the Authority grant all relief sought herein as expeditiously as possible so the Applicants can close the transaction as soon as practicable, but no later than June 15, 2007, to enable the Applicants to meet critical business objectives.

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

Application for Consolidation

A. THE APPLICANTS

1. Time Warner Telecom, Inc.

Time Warner Telecom Inc., headquartered in Littleton, Colorado, is a leading provider of managed voice and data networking solutions for business customers. TWTC also integrates data, dedicated internet access, and local and long distance voice services

¹ See *Order Approving Transfer of Authority and Financing Transaction*, November 15, 2006.

² Applicants have been filed or will be filing similar applications in Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Nevada, New Mexico, Oklahoma, South Carolina, and Texas.

for long distance carriers, wireless communications companies, incumbent local exchange carriers, and enterprise organizations in the healthcare, finance, higher education, manufacturing, and hospitality industries. The company's stock is publicly traded on the NASDAQ under the symbol "TWTC."

TWTC's operating subsidiaries are certificated to provide local and long distance telecommunications services in 25 states, including Tennessee.³ TWTC is also authorized to provide both domestic interstate and international telecommunications services by the Federal Communications Commission ("FCC"). Immediately after closing of the transaction, TWTC and its subsidiaries will not be affected by the proposed transfer of control described herein and will continue to operate under their same names, tariffs, rates, contract terms, and conditions as at present. Similarly, the ownership of TWTC will not be affected by the transaction.

2. Xspedius Communications, LLC

Xspedius Communications, LLC, a Delaware limited liability company, is a wholly-owned subsidiary of TWTC and located at 5555 Winghaven Boulevard, O'Fallon, Missouri, 63368-3626. Xspedius, through its Certificated Subsidiaries, 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. Xspedius currently offers competitive local and long distance telecommunications services in 20 states, and the District of Columbia,

³ See Docket No. 93-02980, Order issued August 14, 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, Kentucky, Minnesota, Mississippi, New Jersey, New York, Nevada, New Mexico, North Carolina, Ohio, Oregon, South Carolina, Texas, Utah, Washington, and Wisconsin.

including Tennessee, operating in excess of 2,800 fiber route miles in 43 markets.⁴ In Tennessee, Xspedius is authorized to provide long distance and competitive local exchange telecommunications services.⁵ Xspedius is also authorized to provide both domestic interstate and international telecommunications services by the FCC. Following consummation of the proposed transaction, the assets and operations of Xspedius will be assumed by TWTC.

3. The Combined Company

In November 2006, the Authority approved the indirect transfer of authority of Xspedius to TWTC.⁶ This transfer of authority included within it the transfer of all of the wholly-owned certificated subsidiaries of Xspedius, to include Xspedius Management Co. Switched Services, LLC and Xspedius Management Co. of Chattanooga, LLC.⁷ The transfer of authority of Xspedius and its Certificated Subsidiaries has resulted in a combined competitive carrier that hold sufficient financial, managerial, operations and technical resources to compete on a national basis against established incumbent local exchange carriers and long distance companies. By acquiring ownership of Xspedius, its subsidiaries, and substantially all of their assets, TWTC has pooled the resources of TWTC and Xspedius effectively so that the combined company can compete more effectively in the markets in which they operate, provide new services and expand into new markets, and achieve economies of scale.

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

⁶ See *Order Approving Transfer of Authority and Financing Transaction*, November 15, 2006, Docket No. 06-00206.

⁷ *Ibid.*

To further streamline and simplify its corporate structure, TWTC intends to transfer the assets and customers of the Xspedius Certificated Subsidiaries in Tennessee to TWT-MS. After completion of the consolidation, TWTC will remain the ultimate corporate parent and it will have only one subsidiary operating in Tennessee: Time Warner Telecom of the Mid-South LLC.

B. DESIGNATED CONTACTS

The designated contact for this Application is:

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C. DESCRIPTION OF THE CONSOLIDATION

The consolidation of the Applicants into a single operating entity, currently named Time Warner Telecom of the Mid-South LLC, will occur by way of an asset transfer. The Applicants propose to transfer the Xspedius Certified Subsidiaries' assets, including the customer base, to TWT-MS, with TWT-MS assuming all of the Xspedius Certified Subsidiaries' assets and operations. Charts illustrating the corporate structure

before and after the consolidation are attached hereto as **Exhibits A** (pre-consolidation) **and B** (post-consolidation).

Upon consummation of the proposed consolidation, TWT-MS will provide service to the current customers of TWT-MS, Xspedius, and its Certificated Subsidiaries. The proposed consolidation is not expected to result in any loss or impairment of services to the Applicants' customers. The proposed internal consolidation will simplify the TWTC corporate structure, streamline TWTC's operations in Tennessee, eliminate administrative redundancy and improve overall efficiency. The Applicants anticipate that the consolidation in Tennessee will occur after receipt of the required regulatory approvals in Tennessee; thus, the Applicants request that the Authority take any action necessary to approve this Joint Application expeditiously.

D. NOTICE TO XSPEDIUS CUSTOMERS

To avoid customer confusion or inconvenience, the Applicants will provide written notice to the affected customers of Xspedius Certified Subsidiaries in Tennessee on or about July 1, 2007, which will be at least thirty (30) days prior to the transfer. This notice will be sent in compliance with the applicable FCC and state requirements for changing a customer's presubscribed carrier. A copy of the proposed customer notice letter to be sent to customers of the Xspedius and its Certified Subsidiaries is attached hereto as **Exhibit C**. All customer contracts of Xspedius will be honored post-transfer and the customers of Xspedius will not experience any change in their rates or service arrangements. The Applicants expect that the transfer of customers will be transparent to customers of Xspedius with respect to rates, terms and conditions of service.

E. TARIFFS

TWTC will revise the TWT-MS tariff to incorporate the terms and conditions of services included in Xspedius' tariffs. This will allow TWTC to make available rates and services provided to customers of Xspedius for the remaining term of any Xspedius customer contracts. Additionally, for the immediate future, TWTC will continue to offer Xspedius products and services to Xspedius' customers not under contract at the Xspedius' rates. TWTC expects to gradually replace the products and services offered by the Xspedius with new (and in many cases improved) products and services offered by TWTC.

F. DISCONTINUANCE OF SERVICE

In connection with the asset transfer, the telecommunications authorizations currently held by the Xspedius Certificated Subsidiaries will be surrendered, upon completion of the transfer of the Xspedius Certificated Subsidiaries' customers to TWT-MS. In conjunction with the surrender of the Xspedius Certified Subsidiaries' authorizations, the Applicants seek permission to discontinue local exchange service for current Xspedius customers (who will have already been transferred to TWT-MS) and cancel the Xspedius Certified Subsidiaries' CCNs. Xspedius Certified Subsidiaries' customer contracts will be fully honored by TWT-MS, with services provided by TWT-MS according to the customer contract terms. The Xspedius Certified Subsidiaries will then cease providing service.

G. PUBLIC INTEREST STATEMENT

The consolidation proposed in this Application will serve the public interest. The consolidation will be largely transparent to customers and will have no adverse impact on

the services they receive. Current Xspedius Certificated Subsidiaries end users will continue to receive services under the same rates, terms and conditions that currently apply to their services and any future changes in the rates, terms, and conditions of those services will be made consistent with Authority requirements. In accordance with applicable FCC and state carrier change requirements, advance written notice will be sent to affected customers informing them of the proposed transaction. For current TWT-MS customers, the consolidation will have no visible impact. The proposed consolidation will reduce legal, accounting and tax administrative burdens and will simplify the TWTC corporate structure, eliminating administrative redundancy and improving the company's overall efficiency. This improved efficiency will enhance the company's ability to compete in Tennessee and elsewhere. Upon completion of the consolidation, the ownership of TWT-MS will be identical to the current ownership of TWT-MS and the Xspedius Certificated Subsidiaries. Thus, there should be no question about the qualifications of TWT-MS and its parent, TWTC, to operate in the public interest as the consolidation will not cause any meaningful change in the ownership or financial condition of the subsidiaries.

The Applicants respectfully request that the Authority approve, to the extent necessary, the transfer of assets and the customers of the Xspedius Certificated Subsidiaries to TWT-MS.


H. CONCLUSION

Based on the foregoing, Applicants respectfully submit that the public interest, convenience, and necessity would be served by grant of this Joint Application. The Applicants request approval of authorization to transfer assets, to cancel the certificates

of public convenience and necessity as requested herein and any other relief the Authority deems appropriate.

Respectfully submitted,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC

By: 
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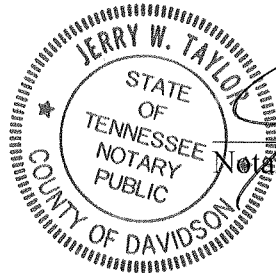
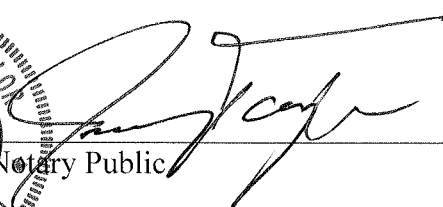
Verification

I, Carolyn Ridley, Vice President of Regulatory for Time Warner Telecom, Inc. and its operating subsidiaries, including Time Warner Telecom of the Mid-South LLC, Xspedius Management Co. Switched Services, LLC and Xspedius Management Co. of Chattanooga, LLC, am authorized to represent and to make this verification on their behalf. The statements in the foregoing document, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief. Carolyn Ridley, Vice President of Regulatory, Time Warner Telecom, Inc.



Carolyn Ridley

Subscribed and sworn to before me this 25th day of May, 2007.

Notary Public

My Commission Expires: 1-24-09

Exhibit A

Time Warner Telecom Inc.
Pre Consolidation

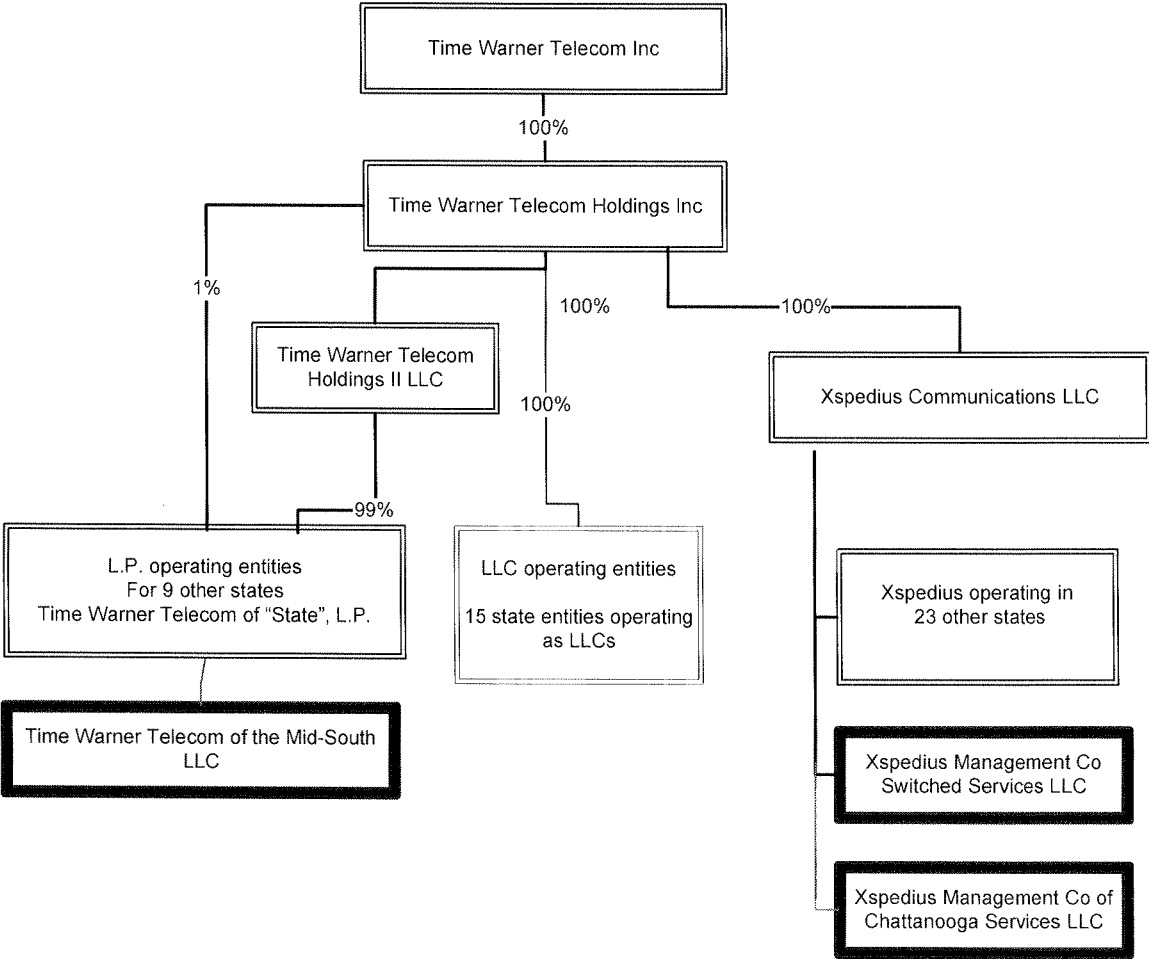


Exhibit B

Post Consolidation Subsidiary Structure

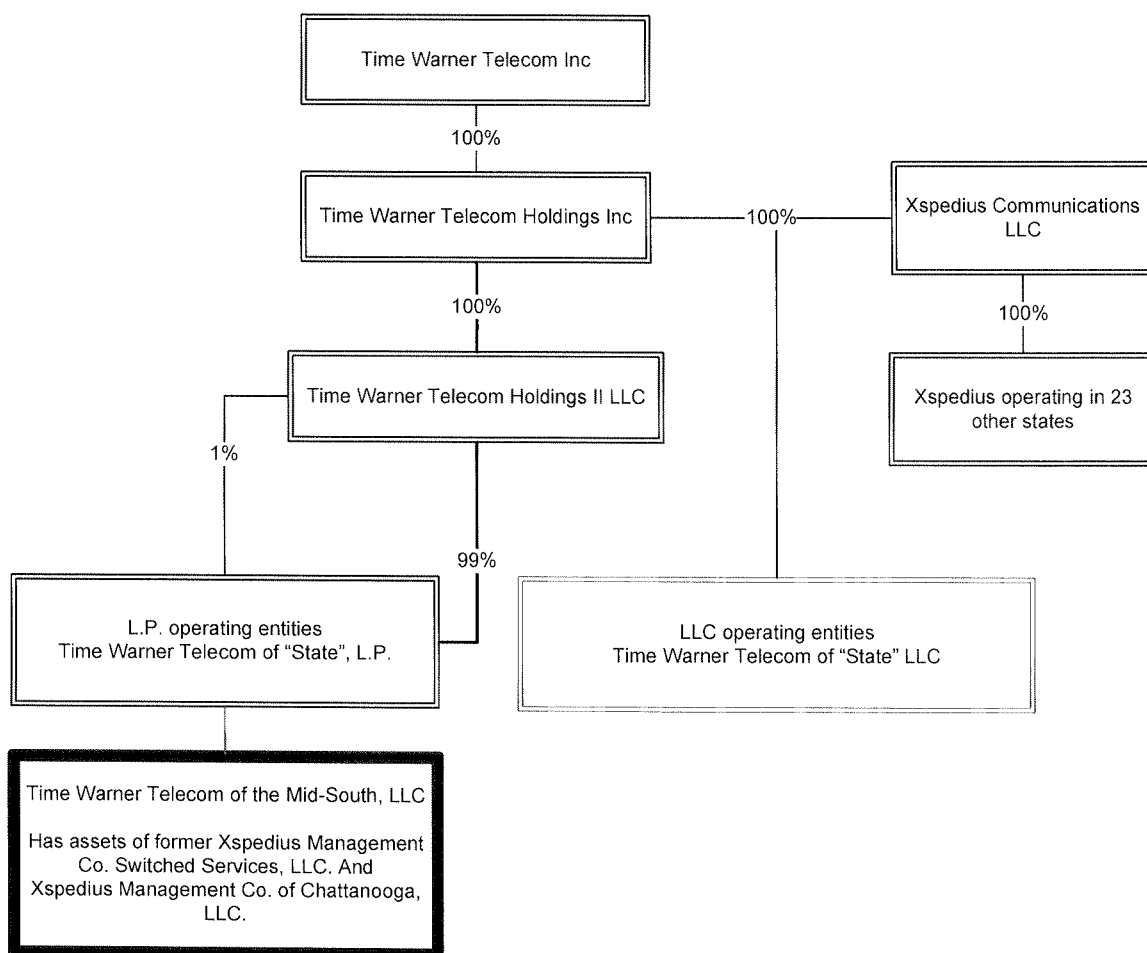


Exhibit C

DRAFT

Dear Customer:

**AN IMPORTANT NOTICE REGARDING YOUR
TELECOMMUNICATION SERVICE FROM
XSPEDIUS MANAGEMENT CO. SWITCHED SERVICES, LLC AND
XSPEDIUS MANAGEMENT CO. OF CHATTANOOGA, LLC**

Thank you for being a loyal customer of Xspedius Management Co. Switched Services, LLC or Xspedius Management Co. of Chattanooga, LLC (collectively "Xspedius"). It has been our pleasure to provide you with quality telecommunications service.

As you know, Xspedius recently sold its Tennessee regulated telecommunications assets to Time Warner Telecom, Inc. We are pleased to now inform you that Time Warner Telecom, Inc. is consolidating all of its Tennessee regulated telecommunications assets into Time Warner Telecom of the Mid-South, LLC, a subsidiary of Time Warner Telecom, Inc. Following this consolidation, Xspedius will no longer provide telecommunications services in Tennessee. Your transition from Xspedius to Time Warner Telecom of the Mid-South, LLC for telecommunications services requires no action on your part.

The transfer of your service to Time Warner Telecom of the Mid-South, LLC will be invisible to you because Time Warner Telecom of the Mid-South, LLC will utilize the same facilities that currently serve your account. Moreover, there will be no change in the services you have ordered. The transfer of your services to Time Warner Telecom of the Mid-South, LLC will be seamless and without down time or modification to existing services or rates. This transfer requires no action on your part. The local account team who services your account today will continue to provide you the excellent service that you have experienced to date.

We believe that this new development will be good for your company. The vision, financial capital, and experience of Time Warner Telecom, Inc. will bring our customers innovation and excellent customer service. As your new service provider, Time Warner Telecom of the Mid-South, LLC will continue to provide you with the same telecommunications services you currently receive in accordance with the rates, terms and conditions of your existing contract or effective tariffs on file with the Tennessee Regulatory Authority. If in the future Time Warner Telecom of the Mid-South, LLC determines that rates, terms, or conditions require modification, it will follow the contract terms or the Tennessee Regulatory Authority rules regarding such changes, including, where required, written 30 day notice to customers. Xspedius and Time Warner Telecom, Inc. will continue to be responsible for the resolution of any complaints filed or otherwise raised until the consolidation is finalized.

If you do not wish to become a customer of Time Warner Telecom of the Mid-South, LLC, you may, in accordance with the terms of your contract, select another service provider within thirty days of the date of this letter. If you do not select another provider Time Warner Telecom of the Mid-South, LLC will automatically become your service provider effective thirty days from the date of this letter. You will not incur any charges for the change to Time Warner Telecom of the Mid-South, LLC. However, should you select another provider, you may incur additional charges. If you change providers, the terms and conditions of your Xspedius contract will still apply, including any applicable termination liability or change charges. Please be aware that you are responsible for paying all bills rendered to you by Xspedius during this transition. You may be subject to termination of your service in accordance with the terms of your contract and applicable Commission rules if you fail to pay your telephone bill.

If you do not want service from Time Warner Telecom of the Mid-South, LLC you must select a new provider as soon as possible. Otherwise, you need do nothing and your service will seamlessly transfer to Time Warner Telecom of the Mid-South, LLC.

Xspedius remains committed to providing you with excellent service during this period of transition. If you have any questions regarding this notice or your service, please call 1-800-937-7473.

Time Warner Telecom of the Mid-South, LLC looks forward to meeting your communication needs including bundled packages of voice and data services, local phone service, Internet access, and managed networking solutions.