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June 8, 2010

Via Overnight Courier

Chairman Eddie Roberson, Ph.D.
c/o Sharla Dillon, Dockets and Record Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

DOCKET NO.

10-00117

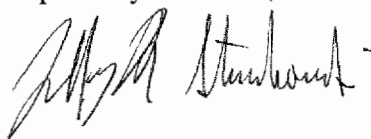
**Re: Joint Petition of DIECA Communications, Inc. d/b/a Covad
Communications Company and DSLnet Communications, LLC for
Approval to Participate in Certain Financing Arrangements**

Dear Chairman Roberson:

On behalf DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad") and DSLnet Communications, LLC ("DSLnet," and together with Covad the "Petitioners"), please find enclosed for filing an original and thirteen (13) copies of the above-referenced Joint Petition. Also enclosed is a check in the amount of \$50.00 to cover the filing fee.

Please date-stamp the extra copy of this filing and return it in the envelope provided. Should you have any questions concerning this filing, please do not hesitate to contact me at (202) 373-6002.

Respectfully submitted,



Russell M. Blau
Brett P. Ferencak
Jeffrey R. Strenkowski

Counsel to the Petitioners

Enclosure

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**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

Joint Petition of)
)
)

DIECA Communications, Inc. d/b/a)
Covad Communications Company)
and)
DSLnet Communications, LLC)
)

TRA Docket No. _____

for Approval to Participate in Certain)
Financing Arrangements)
_____)

JOINT PETITION

I. INTRODUCTION

DIECA Communications, Inc. d/b/a Covad Communications Company (“Covad”) and DSLnet Communications, LLC (“DSLnet” and together with Covad, “Petitioners”), by their undersigned counsel and pursuant to Section 65-4-109 of the Tennessee Code and any other regulations deemed applicable, requests approval, to the extent necessary, from the Tennessee Regulatory Authority (“Authority”) to participate in certain financing arrangements whereby CCGI Holding Corp., (“CCGI Holding”), the parent company of Covad, and anticipated indirect parent company of DSLnet,¹ will incur long-term debt obligations under a senior and/or subordinated loan facility collectively of up to \$265,000,000 (collectively the “Note Facilities”), and a secured revolving credit facility in an aggregate principal amount of up to \$35,000,000 (the “Revolving Facility” and, together with the Note Facilities, the “Financing Facilities”); and to

¹ CCGI and DSLnet have filed an application with the Authority seeking approval for the indirect transfer of control of DSLnet to CCGI. See TRA Docket No. 10-00089. The Petitioners clarify that the transfer of control transaction is not contingent on the financing arrangements discussed herein, and as such, respectfully request that the Authority continue its review of the transfer of control application separate and apart from this filing. The financing arrangements described herein are contingent on the consummation of the transfer of control.

encumber its property through the grant of a security interest in the assets of Covad and DSLnet in support of the financing arrangements, as further described in Section III below.² This financing will be used, among other purposes, to refinance existing debt obligations. For the reasons set forth herein, the Petitioners submit that the proposed financing arrangements are in the public interest. In support of this Petition, Petitioners state:

I. DESCRIPTION OF THE PETITIONERS

A. DIECA Communications, Inc. d/b/a Covad Communications Company

CCGI Holding Corporation (“CCGI Holding”) is a Delaware corporation with offices located at 360 North Crescent Drive, Beverly Hills, CA 90210. CCGI Holding is the parent company of Covad Communications Group, Inc. (“CCGI”), a Delaware corporation that owns Covad Communications Company, a California corporation and DIECA Communications, Inc., a Virginia corporation. Covad is a leading nationwide provider of integrated voice and data communications. The company offers DSL, Voice Over IP, T1, Ethernet, Web hosting, managed security, IP and dial-up, wireless broadband, and bundled voice and data services directly through Covad’s network and through Internet Service Providers, value-added resellers, telecommunications carriers and affinity groups to small and medium-sized businesses and home users. Covad broadband services are currently available across the nation in 44 states and 235 Metropolitan Statistical Areas (“MSAs”) and can be purchased by more than 57 million homes and businesses, which represent over 50 percent of all US homes and businesses. In Tennessee, DIECA Communications, Inc. is authorized to provide intrastate telecommunications services pursuant to an order of the Authority issued May 22, 2000, in Docket 99-00823. Covad is also

² The final amounts and organization of the Financing Facilities are to be determined based upon market conditions at the time of closing.

authorized by the Federal Communications Commission ("FCC") to provide international and domestic interstate telecommunications services as a non-dominant carrier.

CCGI Holding is ultimately controlled by Platinum Equity LLC ("Platinum"). Neither CCGI Holding nor Platinum offer any regulated telecommunications services. Platinum is a privately held Delaware limited liability company with offices located at 360 North Crescent Drive, Beverly Hills, California 90210. Platinum is a global firm specializing in the merger, acquisition and operation of companies that provide services and solutions to customers in a broad range of business markets, including information technology, telecommunications, logistics, manufacturing, and entertainment distribution.

Further information concerning Covad's legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification with the Authority as noted above and is, therefore, a matter of public record. Covad respectfully requests that the Authority take official notice of that information and incorporate it herein by reference.

B. DSLnet Communications, LLC

DSLnet Communications, LLC ("DSLnet") is a Delaware limited liability company with principal offices located at 50 Barnes Park North, Suite 104, Wallingford, Connecticut 06492. DSLnet provides highspeed access to the Internet services. DSLnet is authorized to provide intrastate telecommunications services in forty-seven (47) states and the District of Columbia, and DSLnet's affiliate DSLnet Communications VA, Inc. is authorized to provide intrastate telecommunications services in Virginia. In Tennessee, DSLnet was granted a Certificate of Convenience and Necessity as a Competing Telecommunications Service Provider pursuant to the Order issued by the Authority in Docket No. 99-00092 on June 4, 1999. DSLnet is also authorized by the Federal Communications Commission ("FCC") to provide international and

domestic interstate telecommunications services as a non-dominant carrier. Further information concerning DSLnet's legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification and other documents filed with the Authority and is, therefore, a matter of public record. DSLnet respectfully requests that the Authority take official notice of that information and incorporate it herein by reference.

MegaPath Inc. ("MegaPath") is a Delaware corporation with its principal office located at 555 Anton Boulevard, Suite 200, Costa Mesa, CA 92626. Megapath is the parent company of DSLnet Communications, LLC. MegaPath is a provider of a variety of managed Internet Protocol ("IP") services including cable and satellite system broadband Internet access, mobility services such as digital certificates, global remote access, personal firewalls, and remote access virtual private networks ("VPN"), and security services. MegaPath does not currently offer any regulated telecommunications services and therefore does not hold any telecommunications authorizations from the FCC or any state regulatory authority.

II. CONTACT INFORMATION

For the purposes of this Petition, contacts for the Petitioners are as follows:

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With a copy to:

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Director, State Affairs & ILEC Relations

Steven B. Chisholm, Esq.
MegaPath Inc.

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Schula Hobbs
Regulatory Affairs
DSLnet Communications, LLC
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Email: shobbs@megapath.com

III. REQUEST FOR APPROVAL TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS

CCGI Holding and MegaPath entered into an Agreement and Plan of Merger dated as of March 26, 2010 (the "Agreement"). As a result of that transaction, MegaPath will become a wholly owned, direct subsidiary of CCGI Holding and CCGI Holding will acquire indirect control of DSLnet.³ Upon the consummation of that transaction, CCGI Holding intends to enter into the proposed financing arrangements to fund strategic acquisitions and for other permitted purposes, including providing working capital, financing capital expenditures, refinancing existing indebtedness, and other general corporate purposes. The proposed financing is contingent upon closing the contemplated merger transaction (however, the transfer of control of Megapath, and ultimately DSLnet to CCGI Holding, is not contingent upon completion of this financing, and the Petitioners respectfully request that the Authority's consideration of that transaction be undertaken separately and apart from the financing arrangements as described herein).

³ See TRA Docket No. 10-00089.

The borrower in the financing arrangements will be CCGI Holding, a Delaware corporation. The proposed financing arrangements will consist of the following:

- 1) A senior and/or subordinated loan facility in an aggregate principal amount expected to be collectively up to \$265,000,000 to be determined based on market conditions (the “Note Facilities”).⁴ The proceeds of the Note Facilities will be used by CCGI Holding, on the date of the initial borrowing (the “Closing Date”), to refinance the existing debt of the Petitioners, to fund strategic acquisitions and for other permitted purposes, including providing working capital, financing capital expenditures, and other general corporate purposes.
- 2) A secured revolving credit facility in an aggregate principal amount to be determined based on market conditions, currently expected to be up to \$35,000,000 (the “Revolving Facility” and, together with the Note Facilities, the “Financing Facilities”). The proceeds of loans under the Revolving Facility will be used by CCGI Holding from time to time for general corporate purposes.

The Note Facilities are expected to mature on or after the fourth anniversary of the Closing Date for the Financing Facilities, subject to certain exceptions to be determined.⁵ All obligations of CCGI Holding and its subsidiaries under the Financing Facilities are expected to be

⁴ The Note Facilities may be subdivided into first, second, and/or other priority liens, depending on market conditions at the time of closing, or may consist of new lending and modification or retention of existing facilities. The total amount of all such facilities is expected to be up to \$265,000,000, as described herein.

⁵ Based on market conditions, the term of the Financing Facilities may be set to mature on the date that is 364 days after the Closing Date, provided that upon receipt of the requisite regulatory approvals the maturity date for the Financing Facilities will be extended to a term of at least four years.

guaranteed by CCGI Holding, CCGI, Megapath,⁶ Covad Communications Company, DIECA Communications, Inc., and DSLnet, and any current or future affiliates, subject to certain exceptions to be determined. Further, the Financing Facilities are expected to be secured by substantially all the assets of CCGI Holding, CCGI, Megapath, Covad Communications Company, DIECA Communications, Inc., and DSLnet, and any current or future affiliates, subject to certain exceptions to be determined.⁷ Covad and DSLnet emphasize that none of the pledging of jurisdictional assets or guarantee obligations described herein will apply to Covad or DSLnet until required regulatory approvals are received.

Covad and DSLnet request approval to grant security interests in their assets, as described above, to secure these financing arrangements, and any other authority necessary or required for the above-referenced financing arrangements. Further, Covad's and DSLnet's participation in the financing arrangements will not result in a change in their management or day-to-day operations; nor will it adversely affect their current or proposed operations in Tennessee. Accordingly, and to the extent required, Covad and DSLnet request that the Authority approve the participation of Covad and DSLnet in the financial arrangements as described herein.

IV. PUBLIC INTEREST CONSIDERATIONS

The proposed financing arrangements described herein are consistent with the public interest and will not impair the ability of Covad or DSLnet to perform services to the public. The financing arrangements will enable CCGI Holding to capitalize its acquisition of Megapath and DSLnet, thereby allowing Covad and DSLnet to secure the benefits attendant to that acquisition,

⁶ As stated above, CCGI Holding, CCGI and Megapath do not hold competitive service providers' certificates issued by this Authority. Further, Covad Communications Company does not hold a certificate issued by this Authority.

⁷ The interest rates under the Financing Facilities will be determined based on market conditions at the time of closing.

including operational efficiencies, management expertise, and the ability to bring services to new markets and allow more consumers to benefit from its competitive services more quickly and efficiently. In addition, the financing arrangements will allow CCGI Holding to extend the maturity of existing indebtedness and reduce expenses. Furthermore, the contemplated pledges and guarantees will be entirely transparent to consumers and will not alter the rates, terms and conditions under which Covad or DSLnet provide service in Tennessee. The issuance of the notes will not cause a change in the control of Covad or DSLnet.

Approval of Covad's and DSLnet's participation in the proposed financing arrangements will serve the public interest in promoting competition among telecommunications carriers by providing CCGI Holding (and therefore Covad and DSLnet) with the opportunity to strengthen its financial position. The Petitioners believe that the financial arrangements described herein provide important financial benefits to the companies. As a result, the proposed transaction is expected to continue to yield financial benefits that ultimately inure to the benefit of Covad's and DSLnet's customers. Furthermore, by increasing the breadth and scope of telecommunications services made available through the Petitioners' ongoing operations, this financing transaction will ultimately benefit Tennessee consumers. In sum, greater access to capital will strengthen the Petitioners' ability to bring competitive telecommunications services to consumers in Tennessee and is, therefore, in the public interest.

V. CONCLUSION

For the reasons stated above, the Petitioners submit that the public interest, convenience and necessity will be furthered by expeditious Authority approval of the Petitioners' participation in the financing arrangements described herein.

Respectfully submitted,



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jeffrey.strenkowski@bingham.com
brett.ferenchak@bingham.com

Counsel for the Petitioners

Date: June 8, 2010

VERIFICATION

STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

§
§ SS:
§

VERIFICATION

Patrick Bennett, being duly sworn, deposes and says that I am the President and Chief Executive Officer of Covad Communications Company (the "Company," which includes Covad Communications Company and DIECA Communications, Inc.); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.



Patrick Bennett
President and Chief Executive Officer
Covad Communications Company

CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC


STATE OF CALIFORNIA
COUNTY OF Santa Clara

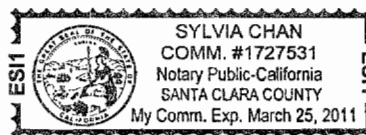
On June 4 2010, before me, Sylvia Chan the undersigned notary public, personally appeared Patrick Bennett, personally know to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Notary Seal, if any]:


(Signature of Notarial Officer)



Notary Public for the State of California

My commission expires: Mar 25 2011

STATE OF CALIFORNIA


COUNTY OF ORANGE

§
§
§

SS:

VERIFICATION

I, Brooke Mastin, being duly sworn, deposes and say that I am the Vice President of Finance for DSLnet Communications, LLC (the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.



Brooke Mastin
Vice President of Finance
DSLnet Communications, LLC


ACKNOWLEDGMENT

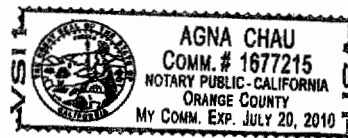
State of California
County of Orange

On 5/20/10 before me, Agna Chau personally appeared Brooke Mastin, Vice President of Finance of DSLnet Communications, LLC, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



BINGHAM

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BINGHAM McCUTCHEN LLP

By Richard Calcasola

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