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December 14, 2006

**VIA UPS OVERNIGHT**

Ms. Stephanie Bell  
Secretary  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfurt, KY 40602

**RECEIVED**

**DEC 15 2006**

**PUBLIC SERVICE  
COMMISSION**

Re: *Informational Filing* Regarding the Transfer of Assets of Acceris Management and Acquisition LLC and New Access Communications LLC to First Communications, LLC and the Voluntary Surrender of the Authorizations of Acceris Management and Acquisition LLC and New Access Communications LLC

Dear Ms. Bell:

First Communications, LLC ("First"), Acceris Management and Acquisition LLC ("Acceris") and New Access Communications LLC ("New Access") (collectively, "Parties"), by their counsel, hereby respectfully advise the Kentucky Public Service Commission ("Commission") of their intent to consummate transactions involving the transfer of assets of Acceris and New Access to First. After consummation of the transactions, First will provide telecommunications services to all of the former customers of Acceris and New Access. Acceris and New Access will cease operations in Kentucky and surrender their authorizations.

On July 31, 2006, the Commission was notified of the transfer of Acceris' large business customer enterprise business ("Business") to First. At that time, Acceris did not surrender its authorization to provide telecommunications services in Kentucky because it intended to continue to serve customers apart from the Business. First obtained authorization, where necessary, to provide long distance resale service to the Business customers it intended to acquire from Acceris. Now, the Parties have agreed that First will also acquire certain of the remaining assets of Acceris, including the remaining long distance resale customers. First is already authorized to provide long distance resale services in Kentucky and is ready, willing and able to acquire the assets and continue serving the remaining Acceris customers in a seamless

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manner. Upon consummation of the transfer of customers from Acceris to First, Acceris would like to voluntarily surrender its authorization to provide telecommunications services in Kentucky.

In addition to the acquisition of the remaining Acceris customers, the Parties have agreed that First will acquire certain of the assets and all of the customers of New Access, an authorized telecommunications carrier in Kentucky. The customers that First intends to acquire from New Access are long distance resale customers. First is already authorized to provide long distance resale services in Kentucky and is ready, willing and able to acquire the assets and continue serving the New Access customers in a seamless manner. Upon consummation of the transfer of customers from New Access to First, New Access would like to voluntarily surrender its authorization to provide telecommunications services in Kentucky.

After consummation of the transactions, First will provide service to the Acceris and New Access customers. These customers will not experience any loss or impairment of service. They will continue to receive their existing services at the same rates, terms and conditions as at present. Future changes in the rates, terms and conditions of service will be made consistent with Commission requirements. The only material change will be in the customers' service provider. Notice of the change will be provided to customers in accordance with Commission and federal rules. It is the Parties' understanding that no prior Commission approval is required to consummate the transactions described herein. Thus, the Parties submit this information for the Commission's information only and request that it be retained in the appropriate file.

### **The Parties**

**First Communications, LLC.** First is a privately held Ohio limited liability company headquartered at 3340 West Market Street, Akron, Ohio, 44333, (330) 835-2323. First was formed on July 1, 1998 under the laws of the State of Ohio. Currently, McKinley Communications, LLC holds a 51% ownership interest in First, First Energy Corp. holds a 32% interest in First and Boich Investment Group, Ltd. Holds a 17% interest in First. No other entity holds a 10% or greater ownership interest in First.

First is a common carrier that provides local, private line and long distance services to both business and residential customers in several states. Currently, First provides telecommunications services to approximately 100,000 customers located primarily in Ohio, Michigan, Indiana, Illinois, Pennsylvania and Florida. First's services include, in addition to traditional local and long distance services, toll-free services, conference calling packages, calling cards, prepaid calling cards, Internet access and dedicated and private line services. First's telecommunications services are provided primarily on a resale basis using the facilities and switches that are owned and operated by other telecommunications carriers.

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First currently is authorized to provide intrastate long distance telecommunications services in all contiguous states except for the following states in which authority is pending: Arizona, Louisiana, North Dakota, Oklahoma, South Carolina, Vermont and Wyoming. First is authorized to provide intrastate long distance and competitive local exchange telecommunications services in Illinois, Indiana, Michigan, New Jersey, New York, Ohio, Pennsylvania, and Wisconsin. In Kentucky, First is authorized to provide long distance resale services.<sup>1</sup> With years of experience in the states mentioned above, First has the financial, managerial and technical qualifications needed to provide quality telecommunications services to the customers to be acquired from Acceris and New Access. Indeed, the Commission has already examined the qualifications of First to be an authorized telecommunications provider in Kentucky.

**Acceris Management and Acquisition LLC.** Acceris is a Minnesota limited liability company also conducting business as Acceris Communications or WorldxChange, is headquartered at 9530 Padgett Street, Suite 101, San Diego, CA 92126, (858) 547-5700. Acceris is a direct, wholly owned subsidiary of North Central Equity LLC (“North Central”), a privately held Minnesota holding company established in 2004, whose executives have many years of experience in the telecommunications industry. Mr. Elam Baer, CEO of North Central, holds approximately 53% of the ownership interests in Acceris indirectly through his holdings in North Central. No other entity holds a 10% or greater ownership interest in Acceris. Acceris is a broad based communications company, serving residential, small and medium-sized business and large enterprise customers throughout the United States. The company provides a range of products from domestic and international long distance voice services to fully managed and integrated data services and enhanced services.

Currently, Acceris is authorized to provide long distance telecommunications services in the contiguous 48 states, Hawaii and the District of Columbia, including Kentucky,<sup>2</sup> except in Alaska. Acceris also is authorized to provide long distance and competitive local exchange telecommunications services in California, Pennsylvania, New York, New Jersey, Florida and Massachusetts. After consummation of the transactions, Acceris will surrender its telecommunications authorization in Kentucky.

**New Access Communications LLC.** New Access is a Minnesota limited liability company, is headquartered at 801 Nicollet Mall, Suite 350, Minneapolis, MN 55402, (858) 547-5700. New Access is a wholly owned subsidiary of North Central. Mr. Elam Baer, CEO of North Central, holds approximately 53% of the ownership interests in New Access indirectly

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<sup>1</sup> See Filing No. TFS2006-01263.

<sup>2</sup> See Filing No. TFS2005-00989.

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through his holdings in North Central. No other entity holds a 10% or greater ownership interest in New Access. New Access provides competitive local and long distance telecommunications services to primarily residential customers throughout the United States.

Currently, New Access is authorized to provide long distance resale telecommunications services in the contiguous 48 states, Hawaii and the District of Columbia, not including Connecticut, Delaware, Maryland, New Hampshire, South Carolina, Tennessee and West Virginia. New Access is authorized to provide local services on a resale or facilities-based basis in the following states: Alabama, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, North Dakota, Ohio, Oregon, South Dakota, Texas, Virginia, Washington, Wisconsin and Wyoming. In Kentucky, New Access provides long distance resale services. After consummation of the transactions, New Access will surrender its telecommunications authorization in Kentucky.

#### **Description of the Transactions**

The Parties have reached an agreement providing for (i) the acquisition by First of certain of the remaining assets of Acceris (except for certain cash equivalent assets retained by Acceris), including the remaining long distance resale customers and any remaining personal property; and (ii) the acquisition by First of certain of the assets of New Access (except for certain cash equivalent assets retained by Acceris), including all local and long distance customers and any personal property such as equipment, switches, and a certain level of working capital (excluding accounts receivable), but not including any federal or state telecommunications authorizations. In Kentucky, the customers being acquired are long distance resale customers only. After consummation of the transactions, Acceris and New Access will surrender their telecommunications authorizations, and First will provide telecommunication services to the Acceris and New Access customers directly pursuant to its own telecommunications authorization.

The proposed transfer of customers to First will have no adverse impact on customers. The affected customers will continue to receive their existing services at the same rates, terms and conditions that they have prior to the transfer and any future changes in the rates, terms and conditions of service will be made consistent with Commission requirements. To ensure a seamless transition and avoid customer confusion or inconvenience, First will provide advance written notice to the affected customers at least thirty (30) days prior to the transfer, explaining the change in service provider in accordance with applicable Federal Communications Commission and Commission requirements for changing a customer's presubscribed carrier.

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### **Tariff**

First will late-file its revised interexchange tariff as *Exhibit A*. The interexchange tariff will be revised to include the same services, rates, terms and conditions as in the existing Acceris and New Access tariffs for the interexchange customers being acquired by First. Thus, the customers being transferred from Acceris and New Access to First will not experience any change in their telecommunications services. The only change will be the new service provider: First Communications, LLC. Upon consummation of the customers transfers, Acceris and New Access would like to withdraw their existing tariffs in connection with the surrender of their telecommunications authorizations in Kentucky.

### **Public Interest Considerations**

The transfer of assets to First will serve the public interest. Acceris and New Access have determined that their continuation as telecommunications service providers is no longer consistent with their long term interests. First is a strong company that will continue to provide high quality services to the Acceris and New Access customers. First's purchase of the Acceris and New Access assets will strengthen First, enable it to expand and better ensure that it remains a viable long-term competitor in the telecommunications marketplace.

At the same time, the proposed transfer of assets does not present any anti-competitive issues. The Parties emphasize that, following the transfer, the former Acceris and New Access customers will continue to receive services from an experienced and qualified carrier, which services will be consistent with the quality of services currently provided by Acceris and New Access. First has extensive experience in providing both local exchange and long distance telecommunications services. The Parties anticipate that customers will experience a seamless transition of service provider. Further, these customers will be sufficiently notified of the transaction and their rights.

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As noted above, it is the Parties' understanding that no prior Commission approval is required to consummate the transfer of assets described herein. Should the Commission believe that any further action is required, the Parties respectfully request that the Commission notify the undersigned at its earliest convenience. Enclosed please find a duplicate of this letter and ten (10) copies. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should there be any questions regarding this matter, please contact Melissa Conway at (202) 342-8552.

Respectfully submitted,

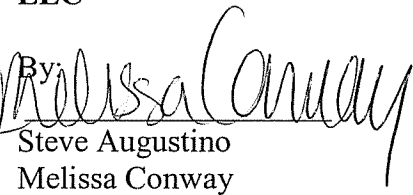
**Acceris Management and  
Acquisition LLC**

**New Access  
Communications LLC**

**First Communications,  
LLC**

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# **EXHIBIT A**

## **PROPOSED TARIFF TO BE LATE-FILED**

## VERIFICATION

I, Drew S. Backstrand, am General Counsel of Acceris Management and Acquisition 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 Acceris Management and Acquisition LLC and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

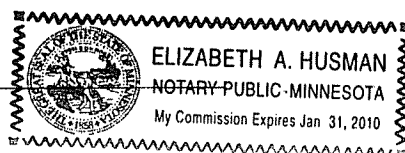
I declare under penalty of perjury that the foregoing is true and correct.

Drew S. Backstrand

Subscribed and sworn to before me this 22<sup>nd</sup> day of  
November 2006.

Elizabeth G. Husman  
Notary Public

My Commission expires: \_\_\_\_\_






# Verification


I, Joseph R, Morris, am the Chief Operating Officer of First Communications, LLC and am authorized to represent it and to make this verification in their behalf. The statements in the foregoing documents relating to First Communications, LLC, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.



A handwritten signature in black ink, appearing to read 'JRM', is written over a horizontal line.

Subscribed and sworn to before me this 17<sup>th</sup> day of November, 2006.

  
Notary Public

My Commission expires: MARY CEGELSKI  
NOTARY PUBLIC • STATE OF OHIO  
Recorded in Cuyahoga Cty.  
My commission expires Oct. 18, 2011

## VERIFICATION

I, Drew Backstrand, am the General Counsel of New Access 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 New Access Communications LLC and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Drew S. Backstrand

Subscribed and sworn to before me this 22<sup>nd</sup> day of  
November 2006.

Elizabeth A. Husman  
Notary Public

My Commission expires: \_\_\_\_\_

