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PUBLIC SERVICE  
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**U.S. MAIL FIRST CLASS**

Beth A. O'Donnell  
Executive Director  
Public Service Commission of the  
Commonwealth of Kentucky  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

Re: Notice of Proposed Transfer of Control of US LEC of Tennessee Inc.  
d/b/a US LEC Communications

Dear Ms. O'Donnell:

US LEC of Tennessee Inc. d/b/a US LEC Communications ("US LEC") and PAETEC Corp. ("PAETEC") hereby submit this letter to notify the Commission of the proposed transfer of control of US LEC from US LEC Corp. to PAETEC ("Transfer of Control"). US LEC is authorized to provide intrastate telecommunications services as a competitive telecommunications company in the Commonwealth of Kentucky. As discussed below, following the Transfer of Control, US LEC will continue to operate in Kentucky pursuant to its authorization, with no change in rates, terms or conditions of service as a result of the merger. The Transfer of Control therefore will be transparent to existing customers of US LEC.

An original and four (4) copies of this notification letter are enclosed. Kindly date-stamp and return the extra copy of this filing in the self-addressed, postage-paid envelope provided.

**A. Description of the Parties**

1. US LEC of Tennessee Inc. d/b/a US LEC Communications

US LEC is authorized to provide local exchange and switched access and intrastate interexchange telecommunications services in Kentucky pursuant to its initial registration and tariffs accepted for filing on June 7 and June 8, 1999, respectively. A Delaware corporation, US LEC is a wholly owned subsidiary of US LEC Corp. ("US LEC Parent"), a publicly traded Delaware corporation (NASDAQ: CLEC).

US LEC Parent is a leading provider of IP, data and voice solutions to business customers and enterprise organizations throughout the Eastern United States. Through its subsidiaries, US LEC Parent provides resold and/or facilities-based telecommunications services in 43 states and the District of Columbia pursuant to certification, registration or tariff requirements, or on a deregulated basis. US LEC Parent's operating subsidiaries are also authorized by the Federal Communications Commission to provide international and domestic interstate services as nondominant carriers. US LEC and US LEC Parent maintain their principal offices in Charlotte, North Carolina.

2. PAETEC Corp.

PAETEC is a privately held Delaware corporation headquartered in Fairport, New York. Through its operating subsidiaries, PAETEC provides innovative communications solutions to medium and large businesses and institutions through a full line of telecommunications and Internet services, enterprise communications management software, security solutions, and managed services. PAETEC operates in Kentucky through its wholly owned subsidiary, PAETEC Communications, Inc. ("PAETEC Communications").<sup>1</sup>

PAETEC is well-qualified to acquire ultimate control of US LEC. PAETEC is operated by a highly qualified management team, all of whom have extensive backgrounds in telecommunications. PAETEC also has the technical expertise necessary to acquire indirect control of US LEC. With more than 1,000,000 access line equivalents in service, PAETEC serves more than 15,000 core business customers in 29 markets, including Baltimore, Boston, Chicago, Fort Lauderdale/Miami, Long Island, Los Angeles/Orange County, New Jersey, New York City, Northern Virginia, Philadelphia, San Diego, and Kentucky D.C. Finally, PAETEC is financially well-qualified to acquire control of US LEC. PAETEC enjoyed unprecedented growth in 2005, reflected in its communications revenues surpassing the \$500 million mark (a year-over-year increase of 23.1%). Additional information regarding PAETEC is available at [www.PAETEC.com](http://www.PAETEC.com).

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<sup>1</sup>PAETEC Communications is authorized to provide resold intrastate interexchange telecommunications services in Kentucky pursuant to its initial registration and tariff accepted for filing on March 2, 1999.

## **B. Description of the Proposed Transfer of Control**

The Transfer of Control will result from the proposed merger of US LEC Parent and PAETEC. Pursuant to the terms of the merger agreement, PAETEC and US LEC Parent will become wholly owned subsidiaries of a new holding company ("New PAETEC"), which is expected to change its name to "PAETEC Communications Corp."<sup>2</sup> Following consummation of the merger, PAETEC shareholders will own approximately 2/3 and US LEC Parent shareholders will own approximately 1/3 of New PAETEC. As a result of the merger, indirect control of US LEC will be transferred to New PAETEC – which will be majority-owned and controlled by current PAETEC shareholders and whose executive management team will include the current CEO, CFO, and COO of PAETEC.<sup>3</sup>

## **C. Public Interest Considerations**

The proposed Transfer of Control will not have any negative impact on the services offered by US LEC. Following consummation of the merger, US LEC will continue to offer telecommunications services in Kentucky pursuant to its authorization, with no change in rates or terms and conditions of service as a result of the merger.<sup>4</sup> The Transfer of Control therefore will be transparent to US LEC's existing customers.

The proposed merger will serve the public interest by greatly enhancing the abilities that both US LEC Parent and PAETEC now possess as stand-alone companies to provide a comprehensive suite of services to customers. By combining the complementary strengths, product sets, and geographic footprints of the two companies, New PAETEC will be positioned to realize substantial cost savings and achieve synergies that will strengthen its ability to enhance service offerings and provide more advanced telecommunications services to a broader customer base. New PAETEC will have the expertise and incentive to identify and develop significant cross-selling opportunities that will deliver long-term value to customers. Moreover, the strategic combination will bring together two companies that share a commitment to building and maintaining solid relationships with their customers.

The proposed merger will ultimately improve the quality and variety of telecommunications products and services offered to consumers in the Commonwealth of Kentucky and therefore will serve the public interest.

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<sup>2</sup> New PAETEC expects to be listed on the NASDAQ Stock Market under the ticker "CLEC" upon completion of the transaction.

<sup>3</sup> The merger will not result in a transfer of control of PAETEC Communications because following consummation of the merger, PAETEC Communications will continue to be majority owned and controlled by current PAETEC shareholders and directors.

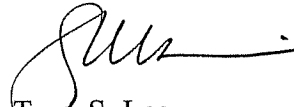
<sup>4</sup> Similarly, PAETEC Communications will continue to offer telecommunications services in Kentucky pursuant to its own certificate, with no change in rates or terms and conditions of service.

\* \* \* \*

Based upon a review of applicable law and regulations, it is the understanding of the parties that neither approval nor any other regulatory action by the Commission is required for the Transfer of Control. This notification is therefore provided for informational purposes, to be associated with the appropriate dockets and/or records of the Commission. Absent receipt of notification from the Commission to the contrary within 30 days of this filing, the parties will proceed upon the understanding that neither approval nor any other regulatory action is required in Kentucky for the Transfer of Control.

Please direct any questions concerning this filing to the undersigned.

Respectfully submitted,



Tony S. Lee  
Grace R. Chiu

Counsel to PAETEC Corp. and  
PAETEC Communications, Inc.

cc: Terry J. Romine (US LEC)  
JT Ambrosi (PAETEC)