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Tel 202/887-6230  
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September 18, 2006

*Via Overnight Mail*

Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602-0615

**RECEIVED**

SEP 19 2006

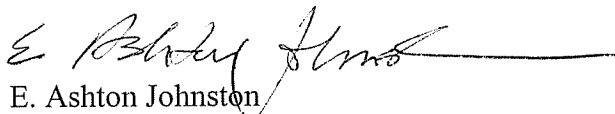
PUBLIC SERVICE  
COMMISSION

Re: Notification of Transfer of Control of DSLnet Communications, LLC  
to MDS Acquisition, Inc.

Dear Ms. O'Donnell:

Enclosed please find an original and four (4) copies of the above-referenced *Notification* for filing. Please date-stamp the stamp-and-return copy and return it in the self-addressed envelope. Should you have any questions with respect to this filing, please do not hesitate to contact the undersigned at (202) 887-6230.

Respectfully submitted,

  
E. Ashton Johnston  
Counsel for MDS Acquisition, Inc.

Enclosures

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Re: Notification of Transfer of Control of DSLnet Communications, LLC  
to MDS Acquisition, Inc.

Dear Ms. O'Donnell:

DSLnet Communications, LLC ("DSLnet"), and MDS Acquisition, Inc. ("MDSAI" and, together with DSLnet, the "Parties"), through their undersigned counsel and pursuant to the Orders issued in Administrative Case Nos. 359 and 370 on June 21, 1996 and January 31, 1998, respectively, hereby file with the Kentucky Public Service Commission (the "Commission") this notification of proposed transactions whereby MDSAI will acquire control of DSLnet, which holds authority from the Commission to provide telecommunications services in Kentucky.

**I. THE PARTIES**

**A. 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's sole member and managing entity is DSL.net, Inc., a Delaware corporation.<sup>1</sup> 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. DSLnet also is authorized by the Federal Communications Commission ("FCC") to provide international and domestic interstate telecommunications services as a non-dominant carrier.

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<sup>1</sup> DSL.net, Inc. holds no regulatory licenses from this or any other regulatory authority.

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In Kentucky, DSLnet was authorized to provide intrastate local exchange telecommunications services on February 11, 1999.

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

**B. MDS ACQUISITION, INC.**

MDSAI, a privately held Delaware corporation with principal offices at 555 Anton Boulevard, Suite 200, Costa Mesa, California 92626, is a wholly owned subsidiary of MegaPath Inc. ("MegaPath") that has been formed for the purpose of acquiring Parent and its subsidiaries. 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. Neither MegaPath nor MDSAI currently offer any regulated telecommunications services and therefore do not hold any telecommunications authorizations from the FCC or any state regulatory authority.

**II. DESCRIPTION OF THE TRANSACTION**

Pursuant to the Purchase Agreement, dated as of August 22, 2006, by and among Parent, MDSAI and MegaPath, on August 28, 2006, MDSAI purchased certain convertible promissory notes of Parent (the "Convertible Notes") which, by their terms, will allow MDSAI, subject to the receipt of requisite regulatory and shareholder approvals, to acquire control of DSLnet through the conversion of the Convertible Notes into common stock of Parent.<sup>2</sup> Following these conversions, MegaPath intends to merge Parent with and into MDSAI, with MDSAI surviving. For the Commission's convenience, charts of the pre- and post-transaction ownership structure for DSLnet are provided as Exhibit 1.

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<sup>2</sup> In connection with the above-referenced transaction, Parent also has issued a non-convertible note to MDSAI. The issuance of the Convertible Notes and the non-convertible note was completed solely at the Parent company level and did not involve any issuance of securities, encumbrance of assets, pledge of the equity interest of, or guarantee by DSLnet.

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Specifically, upon conversion of the Convertible Notes into common stock of Parent (which may only be converted after obtaining requisite regulatory and shareholder approvals), MDSAI will hold approximately 92.4% of the aggregate voting power in Parent. At that time, or as soon as practicable thereafter, MegaPath intends to merge Parent with and into MDSAI with (1) MDSAI surviving and (2) stockholders of Parent other than MDSAI receiving a cash payment for their shares of Parent's stock. As a result of these conversions and the merger, MDSAI will have direct control of DSLnet and DSLnet will become a wholly owned indirect subsidiary of MegaPath.

The Parties emphasize that the transfer of control described herein (namely, the conversion of the Convertible Notes into a controlling voting equity interest in Parent and the subsequent merger of Parent with and into MDSAI) will not involve a change in the name under which DSLnet currently operates nor a change in the manner in which DSLnet currently offers service in Kentucky. Immediately following the transfer of control, DSLnet will continue to offer the services it currently offers with no change in the rates or terms and conditions of service. The transfer of control of DSLnet, therefore, will be seamless and transparent to consumers in Kentucky. Should Parent or its successor decide to change DSLnet's name in the future, it will make appropriate notices and filings to advise its customers and the Commission.

### **III. PUBLIC INTEREST STATEMENT**

The Parties submit that the transactions described herein will serve the public interest. The transactions are being undertaken to provide critical financial and corporate resources to DSLnet that will allow it to continue to provide high quality services to its customers. In addition to the fact that it is anticipated that substantially all current DSLnet and Parent operational, technical and managerial personnel will remain with the companies or their successors following the conversion of the Convertible Notes and the closing of the merger, it is anticipated that a commercial relationship by and among the Parties will allow DSLnet to have access to MegaPath's substantial technical and management expertise and complementary suite of services. These benefits are expected to strengthen the companies' ability to expand DSLnet's offerings and provide more advanced services to a broader customer base in Kentucky. The Parties expect that the transactions will enable the companies to strengthen their competitive positions in Kentucky to the benefit of consumers.

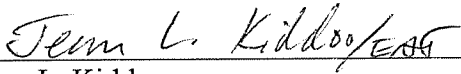
Further, the transactions will be conducted in a manner that will be transparent to consumers. Following consummation of the proposed transactions, DSLnet will continue to provide high-quality communications services, and no interruption of service or any change in rates, terms or conditions of service to DSLnet's customers will result from these transactions.

 **Lampert & O'Connor, P.C.**

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Kindly direct any correspondence or questions concerning this notification to the undersigned. Also, please return a date-stamped copy of this letter in the enclosed postage-paid and self-addressed envelope.

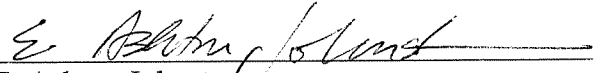
Respectfully submitted,



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September 18, 2006



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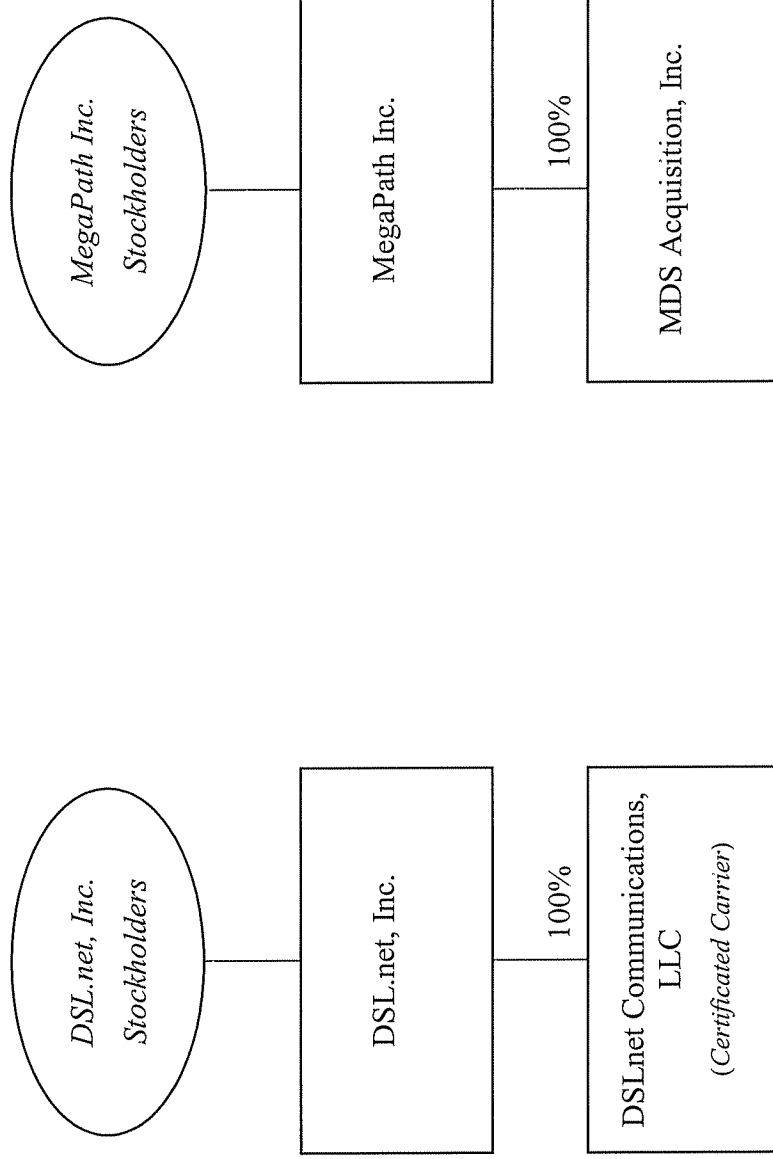
Counsel for MDS Acquisition, Inc. and  
MegaPath Inc.

Attachments

**EXHIBIT 1**

**Pre- and Post-Transaction Ownership Charts**

## Pre-Transaction Ownership



## Post-Transaction Ownership

