

VIA OVERNIGHT DELIVERY

June 15, 2010

Tony Lee

David Armstrong
Chairman
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

T 202.344.8065

F 202.344.8300

tslee@venable.com

RECEIVED

JUN 16 2010

PUBLIC SERVICE
COMMISSION

**Re: McLeodUSA Telecommunications Services, Inc. and US LEC of Tennessee Inc.
Notification of Change in Corporate Form, Name Change, and *Pro Forma*
Reorganization**

Dear Mr. Armstrong:

On behalf of McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") and US LEC of Tennessee, Inc., ("US LEC") (together, the "Parties"), this letter is to notify the Kentucky Public Service Commission ("Commission") of a change in corporate form for the companies, name change, and *pro forma* reorganization. This letter is submitted for informational purposes to be included in the appropriate Commission files. As further detailed below, the Parties changed their corporate forms by converting to limited liability companies. After the conversion, McLeodUSA continued operations under the name McLeodUSA Telecommunications Services, LLC, and US LEC continued operations under the name US LEC of Tennessee, LLC. Furthermore, the Parties participated in a *pro forma* intracorporate reorganization. The reorganization did not change the ultimate ownership or control of the Parties' operations, or their corporate directors, officers, or managers, or their service offerings and pricing – other than those done in the normal course of business. In all respects, the change in corporate form and *pro forma* reorganization were transparent to the public.

By way of background, McLeodUSA and US LEC are wholly-owned indirect subsidiaries of PAETEC Holding Corp ("PAETEC Holding"). PAETEC Holding is a publicly traded Delaware corporation (NASDAQ GS: PAET) headquartered in Fairport, New York. McLeodUSA provides local and long distance telecommunications services. US LEC provides local and interexchange telecommunications service pursuant to authorization grant in Docket No. 98-088. The companies undertook a change in corporate form whereby the Parties each converted from an incorporated company to a limited liability company. McLeodUSA continued to operate under the name McLeodUSA Telecommunications Services, LLC, d/b/a PAETEC Business Services, and US LEC continued to operate under the name US LEC of Tennessee, LLC d/b/a PAETEC Business Services. It is important to note that, other than the change in corporate form and the benefits that accrued therefrom, in all other respects, the Parties remained unaffected by the conversion to limited liability companies. Indeed, McLeodUSA and US LEC even retained their respective federal tax identification numbers and their own certifications.

In addition to the changes in corporate form, the company undertook a *pro forma* corporate reorganization. McLeodUSA was held by PAETEC Holding through the McLeodUSA

Mr. David Armstrong
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Inc. and McLeodUSA Holdings, Inc. subsidiaries. US LEC was held by PAETEC Holding through the US LEC Corp. subsidiary. A diagram of the pre-reorganization structure of the company showing those entities is attached as Exhibit A. The companies executed a *pro forma* corporate reorganization whereby McLeodUSA and US LEC became indirect wholly-owned subsidiaries of PAETEC Holding under the PAETEC Corp. and PAETEC Communications, Inc. subsidiaries, rather than through their previous intervening parent companies. US LEC was moved under PAETEC Communications, Inc. by way of the contribution of US LEC Corp.'s stock to PAETEC Communications, Inc. McLeodUSA Inc. was collapsed into PAETEC Holding Corp., and McLeodUSA Holdings, Inc.'s stock was contributed to PAETEC Communications, Inc. PAETEC Communications, Inc. is authorized to provide long distance service pursuant to authorization issued in Utility No. 5144500. There were no changes whatsoever in the corporate form, name, or manner in which PAETEC Communications, Inc. is held or operated. A diagram of the post-reorganization structure of the company is attached as Exhibit B.

The *pro forma* reorganization did not result in a transfer of control of McLeodUSA or US LEC because the ultimate parent of those companies, i.e., PAETEC Holding, remained the same. Furthermore, the day-to-day operations of the company continue to be managed by the same personnel, and the transaction did not affect the Parties' current rates or services. The transaction will enhance the overall operational efficiency and competitive position of the company because it expects to gain significant tax benefits as a result of the *pro forma* reorganization, which will ultimately inure to the benefit of the companies' subscribers. Consequently, the transaction is consistent with the public interest, and will promote competition among telecommunications carriers in the state.

On May 12, 2010, the State of Kentucky issued a certified copy of the withdrawal of authority to McLeodUSA Telecommunications Services, Inc., and issued a registration to McLeodUSA Telecommunications Services, LLC. These documents are attached as Exhibit C.

An original and 10 copies of this letter are enclosed. Please date-stamp the extra copy of this filing, and return it to us in the enclosed self-addressed stamped envelope. Should you have any questions with respect to this matter, please do not hesitate to contact the undersigned at (202) 344-8065.

Respectfully submitted,



Tony S. Lee

Counsel for McLeodUSA
Telecommunications Services, Inc. and
US LEC of Tennessee, Inc.

Enclosure

EXHIBIT A: Pre-Transaction Corporation Structure

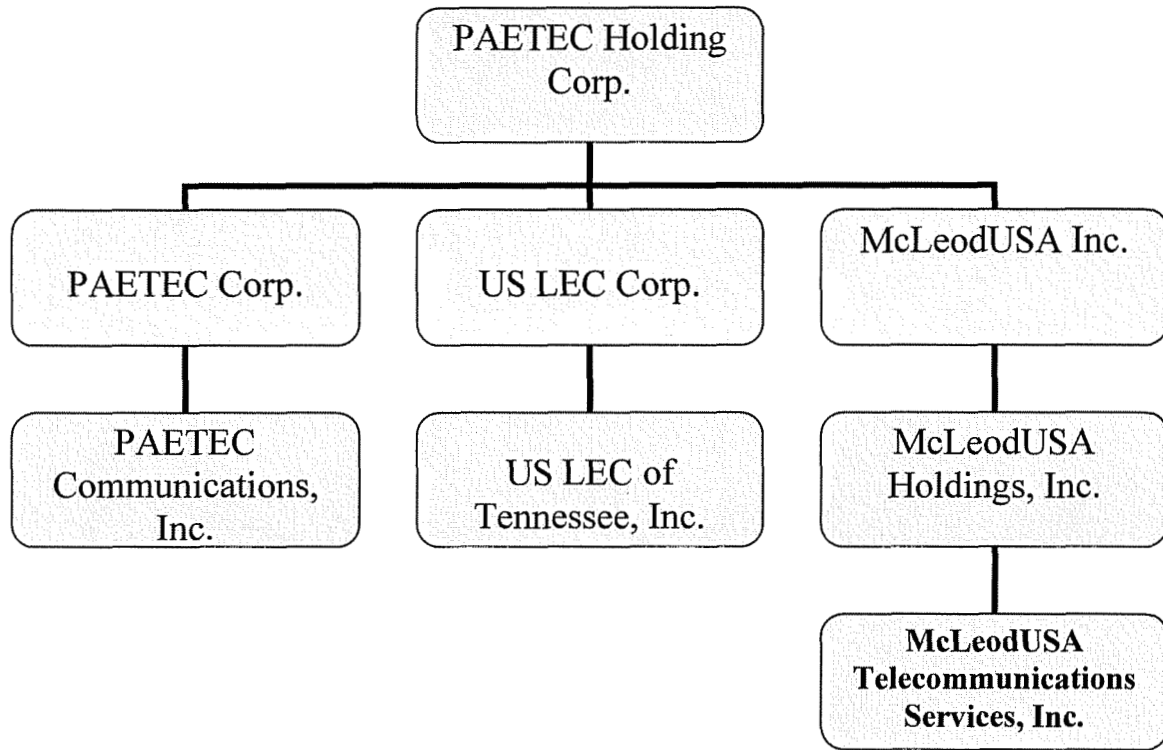
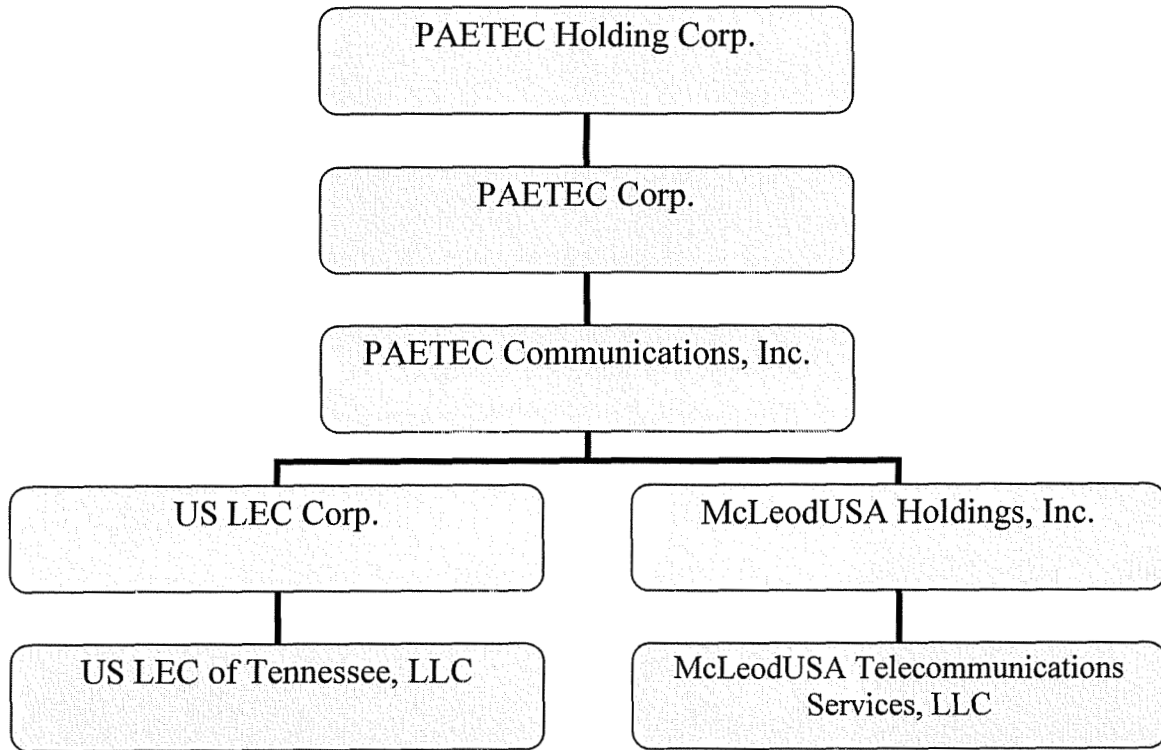


EXHIBIT B: Post-Transaction Corporation Structure





**COMMONWEALTH OF KENTUCKY
TREY GRAYSON, SECRETARY OF STATE**

0762867.06	amcray ADD
Trey Grayson, Secretary of State Received and Filed: 5/12/2010 11:54 AM Fee Receipt: \$90.00	

**Division of Corporations
Business Filings**
PO Box 718
Frankfort, KY 40602
(502) 564-3490
www.sos.ky.gov

**Certificate of Authority
(Foreign Limited Liability Company)**

FLC

Pursuant to the provisions of KRS Chapter 275, the undersigned hereby applies for authority to transact business in Kentucky on behalf of the limited liability company named below and, for that purpose, submits the following statements:

- The company is a limited liability company (LLC) or a professional limited liability company (PLLC).
- The name of the limited liability company is McLeodUSA Telecommunications Services, L.L.C.
- The name of the limited liability company to be used in Kentucky is _____
(Only provide if "real name" is unavailable for use; otherwise leave blank).
- The state or country of organization is Iowa
- The date of organization 07/26/1993 and, if the limited liability company has a specific date of dissolution, the latest date upon which the limited liability company is to dissolve is Perpetual
- The street address of the registered office in Kentucky is:
306 W. Main Street, Suite 512, Frankfort, KY 40601

Street Address Only (No Post Office Box Numbers)	City	State	Zip Code
- The name of the registered agent at that office is C T Corporation System
- The principal address of the limited liability company is:
600 Willowbrook Office Park, Fairport, NY 14450

Street Address or Post Office Box Numbers	City	State	Zip Code
- The names and mailing addresses of the current members/managers:

Name	Street Address or Post Office Box Numbers	City	State	Zip Code	
Paetec Communications, Inc.	600 Willowbrook Office Park, Fairport, NY	14450			(Member)

Name	Street Address or Post Office Box Numbers	City	State	Zip Code
- This application will be effective upon filing, unless a delayed effective date and/or time is provided. The effective date or the delayed effective date cannot be prior to the date the application is filed. The date and/or time is _____
(Delayed effective date and/or time)

I certify that, as of the date of filing this application, the above-named limited liability company validly exists as a limited liability company under the laws of the jurisdiction of its formation.

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

	S. Shane Turley, Vice President of Paetec Communications, Inc., its Member	4/21/2010
Signature of Member, Manager or Authorized Party	Printed Name & Title	Date

I, C T Corporation System, consent to serve as the registered agent on behalf of the limited liability company.

	Samantha Jones Assistant Secretary	4/12/2010
Signature of Registered Agent	Printed Name & Title	Date

**IOWA SECRETARY OF STATE
MICHAEL A. MAURO**



Date: 5/10/2010

CERTIFICATE OF EXISTENCE

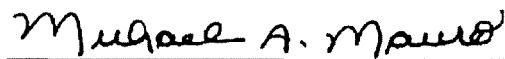
Name: MCLEODUSA TELECOMMUNICATIONS SERVICES, L.L.C. (489DLC - 168002)

Date of Incorporation: 7/26/1993

Duration: PERPETUAL

I, MICHAEL A. MAURO, Secretary of State of the State of Iowa, custodian of the records of incorporations, certify that the limited liability company named on this certificate is in existence and was duly incorporated under the laws of Iowa, that all fees required by the Iowa Revised Uniform Limited Liability Company Act have been paid by the limited liability company, that the most recent biennial corporate report required has been filed by the Secretary of State, and that articles of dissolution have not been filed.

Certificate ID: CS39834
To validate this certificate please visit the following web site and enter the certificate ID.
www.sos.state.ia.us/ValidateCertificate


MICHAEL A. MAURO SECRETARY OF STATE

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0511276.09 mstratton
WTH
Trey Grayson, Secretary of State
Received and Filed:
4/16/2010 12:39 PM
Fee Receipt: \$40.00

COMMONWEALTH OF KENTUCKY
TREY GRAYSON
SECRETARY OF STATE




APPLICATION FOR CERTIFICATE OF WITHDRAWAL

Pursuant to the provisions of KRS Chapter 271B, 273 or 274, the undersigned hereby applies for a certificate of withdrawal on behalf of the corporation named below and for that purpose submits the following statements:

- 1. The corporation is a business corporation (KRS 271B).
 a nonprofit corporation (KRS 273).
 a professional service corporation (KRS 274).
- 2. The name of the corporation is
US LEC OF TENNESSEE INC.
(Name of corporation or fictitious name adopted for use in Kentucky)
- 3. The state or country of incorporation is DE
- 4. The corporation received authority to transact business in Kentucky on 02/26/2001
- 5. The corporation is not transacting business in Kentucky.
- 6. The corporation hereby surrenders the authority to transact business in Kentucky.
- 7. The corporation hereby revokes the authority of its registered agent in Kentucky to accept service of process on its behalf and hereby appoints the Secretary of State as its agent for service of process in any proceeding based upon any cause of action arising during the time it was authorized to transact business in Kentucky.
- 8. The mailing address to which the Secretary of State may mail a copy of any process served is
600 Willowbrook Office Park, Fairport, NY 14450
Address City/State Zip Code
- 9. The corporation hereby commits to notify the Secretary of State in the future of any change in the mailing address set forth in #8 (above).
- 10. This application will be effective upon filing, unless a delayed effective date and/or time is specified:

(Delayed effective date and/or time)


Signature
S. Shane Turley, Vice President
Type or Print Name & Title

Date: April 7, 2010

Document No.: DN2010052519
Lodged By: KY LENDERS
Recorded On: 04/23/2010 01:57:47
Total Fees: 11.00
Transfer Tax: .00
County Clerk: ROBBIE HOLSCLOW-JEFF CO KY
Sec. Clerk: TECHIG
Deputy Clerk: TECHIG
KY025 - 04/2004 CFSymantecOnline

(See attached page for instructions)

County Clerk, please return to:
KENTUCKY LENDERS ASSISTANCE
828 LANE ALLEN ROAD, SUITE 219
LEXINGTON, KY 40504

~~END OF DOCUMENT~~

2

0761125.06 mstration
ADD
Trey Grayson, Secretary of State
Received and Filed:
4/16/2010 12:40 PM
Fee Receipt: \$90.00



COMMONWEALTH OF KENTUCKY
TREY GRAYSON, SECRETARY OF STATE

Division of Corporations Business Filings PO Box 718 Frankfort, KY 40602 (502) 564-3490 www.sos.ky.gov	Certificate of Authority (Foreign Limited Liability Company)	FLC
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Pursuant to the provisions of KRS Chapter 275, the undersigned hereby applies for authority to transact business in Kentucky on behalf of the limited liability company named below and, for that purpose, submits the following statements:

- The company is a limited liability company (LLC) or a professional limited liability company (PLLC).
- The name of the limited liability company is US LEC of Tennessee LLC.
- The name of the limited liability company to be used in Kentucky is _____
(Only provide if "real name" is unavailable for use; otherwise leave blank).
- The state or country of organization is DE.
- The date of organization 11/14/1997 and, if the limited liability company has a specific date of dissolution, the latest date upon which the limited liability company is to dissolve is _____.
- The street address of the registered office in Kentucky is:

306 W. Main Street, Suite 512,	Frankfort,	KY	40601
Street Address Only (No Post Office Box Numbers)	City	State	Zip Code
- The name of the registered agent at that office is C T Corporation System.
- The principal address of the limited liability company is:

600 Willowbrook Office Park	Fairport	NY	14450
Street Address or Post Office Box Numbers	City	State	Zip Code
- The names and mailing addresses of the current members/managers:

Name	Street Address or Post Office Box Numbers	City	State	Zip Code
Pactec Communications, Inc -	600 Willowbrook Office Park	Fairport	NY	14450
- This application will be effective upon filing, unless a delayed effective date and/or time is provided. The effective date or the delayed effective date cannot be prior to the date the application is filed. The date and/or time is _____
(Delayed effective date and/or time)

I certify that, as of the date of filing this application, the above-named limited liability company validly exists as a limited liability company under the laws of the jurisdiction of its formation.

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

	S. Shane Turley - Authorized Party	04/07/2010
Signature of Member, Manager or Authorized Party	Printed Name & Title	Date

I, C T Corporation System, consent to serve as the registered agent on behalf of the limited liability company.

By: <u>C T Corporation System</u>	<u>JAMES M. NEWSOME</u>	<u>4/15/10</u>
Signature of Registered Agent	Special Assistant Secretary	Date

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "US LEC OF TENNESSEE LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTEENTH DAY OF APRIL, A.D. 2010.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.

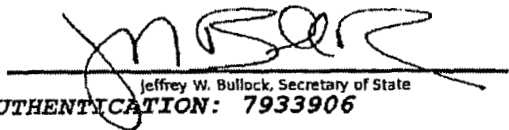
DOCUMENT NO: 356504
RECORDED ON: APRIL 16, 2010 02:55:10PM
TOTAL FEES: \$11.00
COUNTY CLERK: GUY ZEIGLER
COUNTY: FRANKLIN COUNTY CLERK
DEPUTY CLERK: ANITA WHITAKER
BOOK A77 PAGES 719 - 720
719-720 AW

2821392 8300

100388463

You may verify this certificate online
at corp.delaware.gov/authver.shtml




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 7933906

DATE: 04-15-10