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Complex Litigation  
General Business Law

# The Helein Law Group, P.C.

8180 Greensboro Drive  
Suite 700  
McLean, VA 22102

(703) 714-1300 (Telephone)  
(703) 714-1330 (Facsimile)  
mail@thlglaw.com

Management Consulting Group  
GTC Consultants, Inc.  
(703) 714-1307 (Telephone)

Writer's Direct Dial Number

(703) 714-1313

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COMMISSION**

Writer's E-mail Address

[jsm@thlglaw.com](mailto:jsm@thlglaw.com)

August 15, 2003

VIA OVERNIGHT DELIVERY

Helen Helton, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

*Re: Columbia Ventures Broadband LLC and CTC Communications Corp.*

Dear Ms. Helton:

Columbia Ventures Broadband LLC ("CV Broadband") and CTC Communications Corp. ("CTC Communications" and, together with CV Broadband, the "Parties"), through their undersigned counsel, hereby advise the Kentucky Public Service Commission ("Commission") of a series of transactions through which CTC Communications will emerge from bankruptcy and, immediately after emergence, become an indirect wholly owned subsidiary of CV Broadband and indirect wholly owned subsidiary of CV Broadband's parent, Columbia Ventures Corporation ("CV Corp."). As described below, because the proposed transactions will be completed at the holding company level and will not change the rates, terms or conditions of CTC Communications' services, the proposed transactions will be entirely transparent with respect to services provided to CTC Communications' customers.

Since October 3, 2002, CTC Communications has been operating under the protection of the United States Bankruptcy Code in a case pending in the Bankruptcy Court for the District of Delaware ("Bankruptcy Court"). The transactions described below are expected to provide CTC Communications and its affiliates with access to the capital required to allow those entities to emerge from bankruptcy and thereby ensure that CTC Communications' telecommunications customers will continue to receive services on an uninterrupted basis. Because the proposed transactions will allow CTC Communications to continue to provide high quality services in Kentucky

by allowing CTC Communications to emerge from bankruptcy and resume its earlier growth as a competitor in the Kentucky marketplace, the proposed transactions serve the public interest.

Based on a review of applicable state law, the Parties conclude that Commission approval of the proposed transactions is not required. Therefore, the Parties provide this notice to advise the Commission of their intent to complete the proposed transactions as soon as possible in order for CTC Communications to emerge from bankruptcy and eliminate any further erosion of CTC Communications' existing customer base.

An original and three (3) copies of this notice are enclosed for filing. Please date-stamp and return the enclosed extra copy of this filing in the enclosed self-addressed stamped envelope.

The Parties further state as follows:

**I. THE PARTIES**

**A. Columbia Ventures Broadband LLC**

Columbia Ventures Broadband LLC ("CV Broadband") is a limited liability company organized and existing under the laws of the State of Washington with offices located at 16703 S.E. McGillivray Boulevard, Suite 210, Vancouver, Washington 98683. CV Broadband is a wholly owned subsidiary of Columbia Ventures Corporation ("CV Corp."), a Washington corporation also located at 16703 S.E. McGillivray Boulevard, Suite 210, Vancouver, Washington 98683.

CV Broadband is well qualified, managerially, technically and financially, to control CTC Communications. CV Broadband is 100% owned and operated by the independent holding company, CV Corp., which in turn is 100% owned and operated by CV Broadband's Manager and President, Kenneth D. Peterson, Jr. CV Broadband has substantial financial wherewithal and access to ample capital through its parent, CV Corp. Furthermore, Mr. Peterson is an accomplished manager of diverse domestic and global telecommunications enterprises and other businesses. CV Broadband will also draw upon the managerial and technical abilities of existing CTC Communications executives, who have extensive experience in the telecommunications industry.

**B. CTC Communications Group**

CTC Communications is a privately held corporation organized and existing under the laws of the Commonwealth of Massachusetts with principal offices located at

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220 Bear Hill Road, Waltham, MA 02451-1101. CTC Communications is a wholly owned subsidiary of CTC Communications Group, Inc. ("CTC Group"), a publicly held Delaware Corporation with principal offices also located at 220 Bear Hill Road Waltham, MA 02451-1101. No entity currently owns a majority of CTC Group's outstanding voting common stock.

In Kentucky, CTC Communications is authorized to provide intrastate interexchange services pursuant to a tariff on file with the Commission, which became effective on March 11, 1999. Information concerning CTC Communications' legal and technical qualifications to provide service will be submitted to the Commission upon request. Further information regarding CTC Communications' management team is provided under Section III below.

## **II. CONTACT INFORMATION**

Questions or inquiries concerning this filing may be directed to the following counsel for the Parties:

For CV Broadband:

Jonathan S. Marashlian, Esq.  
The Helein Law Group, P.C.  
8180 Greensboro Drive, Suite 700  
McLean, Virginia 22102  
(703) 714-1313 (Tel)  
(703) 714-1330 (Fax)  
JSM@thlglaw.com (Email)

For CTC Communications:

Jean L. Kiddoo, Esq.  
Edward S. Quill, Jr., Esq.  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, NW, Suite 300  
Washington, DC 20007-5116  
(202) 424-7500 (Tel)  
(202) 424-7645 (Fax)  
JLKiddoo@swidlaw.com (Email)  
ESQuill@swidlaw.com (Email)

### **III. DESCRIPTION OF THE TRANSACTIONS**

The Parties propose to complete a series of transactions ("Transactions") whereby CV Broadband will acquire the common stock of CTC Group, as reorganized pursuant to Chapter 11 of the Bankruptcy Code. In order to obtain Bankruptcy Court approval of and complete the proposed Transactions, CTC Group, CV Corp. and CV Broadband have entered into an Investment Agreement dated as of August 6, 2003 ("Agreement"). The Agreement provides that CTC Group will file and execute a Plan of Reorganization ("Plan") whereby the outstanding stock of CTC Group will be cancelled, debts and obligations of CTC Group and CTC Communications to existing creditors will be treated and discharged under the Plan, and CTC Group will issue new shares of common stock to CV Broadband in return for a total purchase price of thirty-two million dollars (\$32 million). Subsequently, upon consummation of the Plan and Agreement, CTC Group and CTC Communications will emerge from bankruptcy. Immediately following the consummation of the Plan, CTC Group will become a direct wholly owned subsidiary of CV Broadband and CTC Communications, a company authorized to provide telecommunications services in Kentucky, will therefore become a wholly owned indirect subsidiary of CV Broadband.<sup>1</sup>

The proposed Transactions will be completed at the holding company level and consummation of the Transactions will not result in any transfer or assignment of CTC Communications' operating authority or customers or result in a name change by CTC Communications. CTC Communications will continue to conduct its operations in substantially the same manner in which those operations are currently conducted. Immediately after the Transactions are completed, CTC Communications' customers will continue to receive service under the same rates, terms and conditions that currently apply to CTC Communications' services. As a result, the proposed Transactions will be entirely transparent to CTC Communications' customers in terms of the services that they receive.

The proposed Transactions are also not expected to materially change most of CTC Communications' current management team, which is expected to continue to oversee CTC Communications' operations both during and after the completion of the Transactions. CTC's senior management team, all of whom, except Kenneth D. Peterson, Jr., currently hold responsibility for overseeing CTC Communications' operations, will consist of exceptionally well-qualified individuals, including:

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<sup>1</sup> An organization chart illustrating the organizational control of CTC before and after the Transactions is provided as Exhibit A.

Kenneth D. Peterson, Jr., Manager & President –

Mr. Peterson is the owner and Chief Executive Officer of Columbia Ventures Corporation and Manager and President of Columbia Ventures Broadband, LLC. Mr. Peterson has extensive experience managing telecommunications enterprises. He is presently a member of the Board of Directors of several telecommunications companies, including: Globalstar Australia, a satellite telephony and data services provider offering services throughout Australia; PocketiNet Communications, Inc., a fixed wireless Internet Service Provider serving rural markets in the Pacific Northwest; O2 Vodafone, a full-service, publicly traded competitive telecommunications company in Iceland; and, the group of companies making up Hibernia Atlantic, a state-of-the-art fiber optic cable between North America and Europe. Mr. Peterson is also the Manager of Fiberlink, LLC, the owner/operator of a 300-mile dark optical fiber network in and between Spokane, Washington and Coeur D'Alene, Idaho. Mr. Peterson graduated with a J. D. degree from Willamette University's College of Law in 1980. He earlier graduated with High Honors from The College of William and Mary and is a member of Phi Beta Kappa.

John D. Pittenger, Executive Vice President, Chief Financial Officer –

Mr. Pittenger joined CTC Communications Corp. in 1989 and is Executive Vice President and Chief Financial Officer. Mr. Pittenger has served as Chief Financial Officer, Treasurer and Clerk of CTC Communications since 1989. Prior to 1989, Mr. Pittenger was Chief Financial Officer of Comm-Tract Corp., a company that installs and services voice and data communications systems. Mr. Pittenger has over 18 years experience in Telecommunications financial and accounting disciplines. Mr. Pittenger holds a MBA from Babson College Graduate School of Business and an undergraduate degree from Dartmouth College.

Anthony D. Vermette, Vice President, Sales –

Mr. Vermette joined CTC in 1987 and was appointed Vice President, Sales in 1995. Prior to 1995, Mr. Vermette held a variety of positions with CTC including Branch Manager, Director of Market Development, and Vice President Sales and Marketing for New England Operations. He has 17 years of experience in Technology Sales and Service. Mr. Vermette is a graduate of Central Maine Technical College.

Russell B. Oliver, Vice President, Network Operations –

Mr. Oliver joined CTC in 1999 as Vice President, Network

Operations where he is responsible for the management, maintenance and growth of the company's Integrated Communications Network, PowerPath Network. Prior to joining CTC, Mr. Oliver was the Vice President of Network Systems Integration for Williams Communications (WilTel), where he was responsible for NSI operations throughout North America and participated in the selection, acquisition and integration of companies that fit the vision of the Williams Companies. Mr. Oliver has over 16 years of senior level experience in communications, networking, and operations and serves on the Board of Directors of BICSI. In 1995 was awarded the organization's David Blythe Award for Distinguished Service. Mr. Oliver is a graduate of Worcester State College and holds a BS in communications technology.

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

The Parties respectfully submit that the proposed Transactions serve the public interest. In particular, the Parties submit that (1) CV Broadband holds the managerial, technical, and financial qualifications to acquire control of CTC Communications; (2) the Transactions will benefit competition in the Kentucky telecommunications market by enabling CTC Communications to resume its growth as an effective competitor in Kentucky; and (3) the Transactions will assure that there is no disruption of service and will be virtually transparent to existing CTC Communications customers.

As indicated earlier, CV Broadband is well qualified, managerially, technically and financially, to control CTC Communications. CV Broadband is 100% owned and operated by the independent holding company, CV Corp., and therefore has substantial financial wherewithal and access to ample capital. CV Broadband's Manager and President is an accomplished manager of diverse domestic and global telecommunications enterprises and other businesses. CV Broadband will also draw upon the managerial and technical abilities of existing CTC Communications executives, who have extensive experience in the telecommunications industry.<sup>2</sup> The above qualifications considered, rapid consummation of the Transactions and transfer of control of CTC Communications to CV Broadband will serve the public interest.

CTC Communications' current financial position has effectively precluded it from growing as a competitor in the telecommunications market. As a practical matter, although no services to customers have been discontinued or interrupted as a result of

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<sup>2</sup> Additional information regarding CV Broadband's managerial, technical, and financial qualifications is available upon request.

CTC Communications' bankruptcy, CTC Communications has not been able to compete effectively for new customers or expand its business operations during this period. In particular, CTC Communications' ability to purchase goods and services from suppliers needed to expand its operations has been particularly hampered by its bankruptcy status. Moreover, because some of its competitors have capitalized on the uncertainty inherent in bankruptcy, CTC Communications has also experienced erosion in its customer base during this time.

The Transactions will further the public interest by fostering competition. The completion of the proposed Transactions will remove the financial and operational factors that currently constrain CTC Communications, thereby allowing CTC Communications to once again compete effectively in the Kentucky telecommunications market and continue to offer alternative high-quality, competitively priced telecommunications service to Kentucky customers. As a result, the proposed Transactions are expected to increase competition in Kentucky and provide Kentucky customers a stronger alternative to incumbent and other competitive long distance service providers.

Existing customers, in particular, will realize significant public interest benefits from the proposed Transactions. The proposed Transactions will allow CTC Communications to avoid liquidation and ensure that existing customers will continue to receive service from CTC Communications without disruption, interruption or customer migration. Those customers will continue to receive the same high quality, affordable telecommunications services that they currently receive. The proposed Transactions are not expected to result in a change in the name under which CTC Communications operates or an impairment of CTC Communications' well-qualified telecommunications management team. CTC Communications will therefore emerge from bankruptcy in a manner that is virtually transparent to existing customers.

V. CONCLUSION

Given that CTC Communications' customer base continues to erode and that it is unable to compete effectively as a result of its capital constraints and the uncertainty of its current financial position, the Parties hope to complete the proposed acquisition as quickly as possible. Rapid completion of the Transaction is a critical factor both in avoiding interruptions of service or other inconveniences to existing customers and in ensuring that CTC Communications emerges as a viable competitor. Accordingly, the Parties notify the Commission of their intent to complete the Transactions as soon as possible.

Respectfully submitted,



Jonathan S. Marashlian  
THE HELEIN LAW GROUP, P.C.  
8180 Greensboro Drive,  
Suite 700  
McLean, Virginia 22102  
(703) 714-1313 (Tel)  
(703) 714-1330 (Fax)  
JSM@thlglaw.com (Email)

Counsel For Columbia Ventures  
Broadband LLC



Jean L. Kiddoo  
Edward S. Quill, Jr.  
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP  
3000 K Street, NW, Suite 300  
Washington, DC 20007-5116  
(202) 424-7500 (Tel)  
(202) 424-7645 (Fax)  
JLKiddoo@swidlaw.com (Email)  
ESQuill@swidlaw.com (Email)

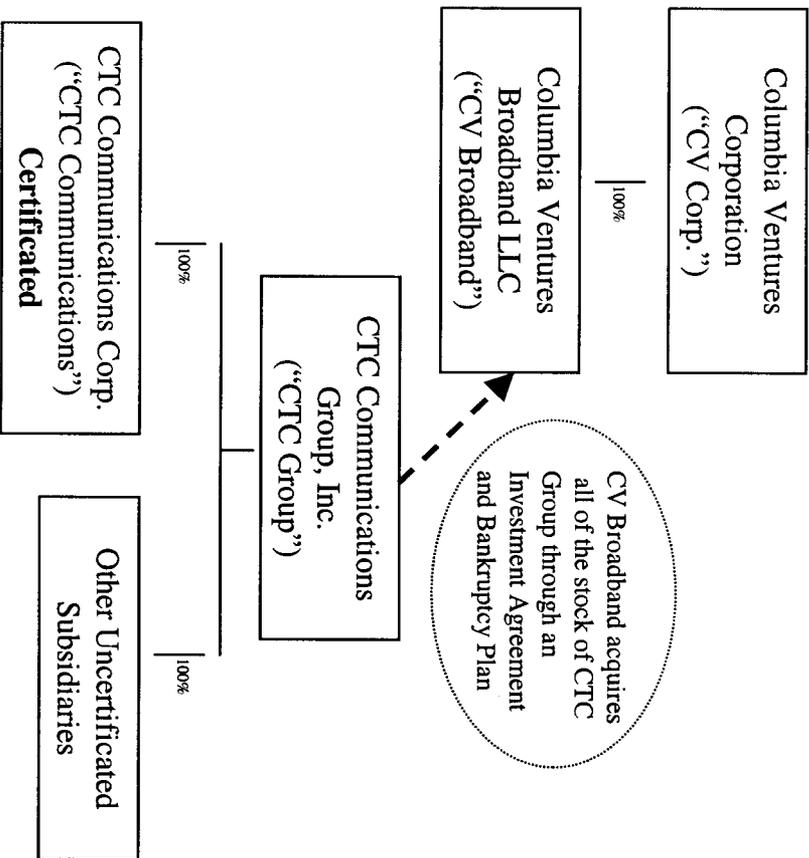
Counsel for CTC Communications Corp.

**EXHIBIT A**

**Illustrative Organization Chart**

# CV Broadband/CTC Communications Illustrative Chart

## Pre-Transaction



## Post-Transaction

