## BINGHAM

## RECEIVED

OCT 11 2013

PUBLIC SERVICE COMMISSION

Jean L. Kiddoo
Brett P. Ferenchak
jean.kiddoo@bingham.com
brett.ferenchak@bingham.com

October 10, 2013

## Via Overnight Delivery

Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-0615

Re: Notification of Business Telecom, Inc., CTC Communications Corp.,
DeltaCom, LLC, EarthLink Business, LLC and EarthLink Carrier, LLC
Regarding Certain *Pro Forma* Intra-Company Changes

Dear Mr. Derouen:

Business Telecom, Inc. d/b/a EarthLink Business IV ("BTI"), CTC Communications Corp. d/b/a EarthLink Business I ("CTC"), DeltaCom, LLC d/b/a EarthLink Business III ("DeltaCom"), EarthLink Business, LLC ("EarthLink Business") and EarthLink Carrier, LLC ("EarthLink Carrier") (collectively, the "Parties"), by their undersigned counsel and pursuant to the Orders issued in Admin. Case No. 359 on June 21, 1996 and Case and No. 370 on January 8, 1998, and 807 KAR 5:011, Section 11, hereby notify the Commission of certain *pro forma* intra-company changes described in more detail below. The Parties are all indirect subsidiaries of EarthLink, Inc. ("EarthLink" and together with its subsidiaries, the "Company"), and the *pro forma* intra-company changes described herein are being undertaken to further eliminate unnecessary intermediate companies in, and realign entities within, the EarthLink corporate structure and to establish a new publicly traded holding company as the ultimate parent in the ownership chain.<sup>2</sup>

Beijing
Boston
Frankfart
Hartford
Hong Kong
London
Los Angeles
New York
Orange County
San Francisco
Sunta Monica
Silicon Valley
Tokyo

nam McCutchen ELP 2020 K Street NW Washington, DC 20005 1855

F +1 202 373 5000 F +1 202 373 5001 binghuin com

A/75749425.1

Charts depicting the corporate organizational structure of EarthLink and its subsidiaries before and after these *pro forma* intra-company changes are appended hereto as Exhibits A and B.

The pro forma intra-company changes that are the subject of this Notification are part of a series of pro forma intra-company changes to simplify EarthLink's corporate structure and realign EarthLink's operating units. The initial pro forma intra-company changes were completed in 2012 and early 2013. See Letter from Jean L. Kiddoo and Brett P. Ferenchak, Counsel for CTC Communications Corp., et al., to Jeff R. Derouen, Executive Director, Kentucky Public Service Commission (filed Nov. 2, 2012). Most of the pro forma intra-company changes that are the subject of this Notification are expected to be completed by the end of the fourth quarter of 2013. Certain additional pro forma intra-company changes are being contemplated to further streamline and consolidate the EarthLink entities to the extent that complex technical interconnection and other operational changes can be resolved. In addition, subject to making the requisite corporate registration submissions,

In support, the Parties provide the following information:

## **Description of the Parties**

EarthLink is a publicly traded Delaware corporation (NASDAQ: ELNK) with a principal business office at 1375 Peachtree Street, Atlanta, Georgia 30309. The Company is a provider of Internet Protocol (IP) and telecommunications infrastructure and services and IT services to other telecommunications carriers, businesses, enterprise organizations and individual customers across the United States. In Kentucky, EarthLink has five subsidiaries (collectively, the "KY Authorized Entities") that are authorized to provide telecommunications services:

BTI, a North Carolina corporation;<sup>3</sup>
CTC, a Massachusetts corporation;<sup>4</sup>
DeltaCom, an Alabama limited liability company;<sup>5</sup>
EarthLink Business, a Delaware limited liability company;<sup>6</sup> and EarthLink Carrier, a Delaware limited liability company.<sup>7</sup>

An organization chart depicting the corporate organizational structure of the KY Authorized Entities and their direct and indirect parent companies (but not affiliates) before and after the *pro forma* intra-company changes is appended hereto as Exhibit C.

BTI may also convert from a North Carolina corporation to a North Carolina limited liability company. To the extent required, the Parties, and/or affiliates of the Parties, will submit subsequent filing regarding those future *pro forma* intra-corporate changes.

- BTI is authorized as a competitive local exchange carrier (Utility ID 22251011) and long distance carrier (Utility ID 5101100). As stated in note 2 above, BTI may convert from a corporation to a limited liability company. Upon completion of such, BTI will make the necessary regulatory filings to effectuate that change.
- <sup>4</sup> CTC is authorized as a long distance carrier (Utility ID 5144700) and paging provider (commercial mobile radio service) (Utility ID 4001900).
- DeltaCom is authorized as a competitive local exchange carrier (Utility ID 22251072) and long distance carrier (Utility ID 5107200).
- EarthLink Business is authorized as a competitive local exchange carrier (Utility ID 5050800) and long distance carrier (Utility ID 22250580).
- EarthLink Carrier is authorized as a long distance carrier (Utility ID 5108200) and operator service provider (Utility ID 22251082). EarthLink Carrier was formerly known as Interstate FiberNet, Inc. d/b/a EarthLink Carrier. EarthLink previously notified the Commission of its conversion and name change in connection with the initial *pro forma* intracompany changes completed in 2012 and early 2013. EarthLink Carrier requests that the Commission update its records to reflect its current name.

Additional information regarding EarthLink, including its most recent SEC Forms 10-K and 10-Q, as filed with the Securities and Exchange Commission, is available at http://www.earthlink.net/about/investor/.

## **Contacts**

Questions or any correspondence, orders, or other materials pertaining to this filing should be directed to the following:

## For the Parties:

Jean L. Kiddoo
Brett P. Ferenchak
Bingham McCutchen LLP
2020 K Street, N.W.
Washington, DC 20006-1806
202-373-6000 (tel)
202-373-6001 (fax)
jean.kiddoo@bingham.com
brett.ferenchak@bingham.com

## With copies to:

Paula Foley Senior Counsel EarthLink Business 5 Wall Street Burlington, MA 01803 781-362-5713 (tel) 781-362-1313 (fax) pfoley@corp.earthlink.com

## Description of the Pro Forma Intra-Company Changes

EarthLink has determined that its business would be more efficient from a management, operations, regulatory, accounting, financial and customer perspective by further realigning and reducing its subsidiaries and establishing a holding company with no operations as the publicly traded parent company for the Company. The *pro forma* intracompany changes described below that are the subject of this Notification are part of these streamlining efforts.

The Parties hereby notify the Commission of the various intra-company changes that will result in (1) BTI, DeltaCom and EarthLink Carrier becoming direct subsidiaries of EarthLink Business;<sup>8</sup> (2) establishing EarthLink Holdings, Inc. ("EarthLink Holdings") as the new publicly traded holding company between EarthLink and its current shareholders and converting EarthLink to a Delaware limited liability company; and (3)

These intra-company changes will result from (1) BTI Telecom Corporation merging with and into EarthLink Business, whereupon the separate existence of BTI Telecom Corporation will cease and EarthLink Business will be the surviving entity and direct parent company of BTI and (2) ITC^DeltaCom, Inc. merging with and into EarthLink Business, whereupon the separate existence of ITC^DeltaCom, Inc. will cease and EarthLink Business will be the surviving entity and direct parent company of DeltaCom and EarthLink Carrier.

This intra-company change will likely occur in three steps: (1) EarthLink will form a wholly owned subsidiary, EarthLink Holdings, which will be a Delaware corporation; (2) EarthLink Holdings will form a wholly owned subsidiary, "MergerCo", which will be a Delaware limited liability company; and (3) MergerCo will merge with and into EarthLink,

subsequent to completing steps (1) and (2) above, EarthLink possibly contributing its membership interests in EarthLink Business Holdings, LLC to EarthLink Holdings which would remove the EarthLink entity as an intermediate holding company in the chain of ownership between the KY Authorized Entities and their ultimate parent EarthLink Holdings. Corporate organization charts depicting the organizational structure of EarthLink and its subsidiaries before and after these *pro forma* intra-company changes are appended hereto as Exhibits A and B hereto. For the Commission's reference, Exhibit C depicts the corporate organization of the KY Authorized Entities and their direct and indirect parent companies before and after the *pro forma* transactions described above. The intra-company changes described herein will not result in any change in the KY Authorized Entities' management or day-to-day operations or adversely affect the KY Authorized Entities' current or proposed operations.

## **Public Interest Considerations**

The Parties submit that the *pro forma* intra-company changes described herein are in the public interest. The *pro forma* changes will further simplify and realign EarthLink's existing corporate structure thereby reducing its reporting and accounting burdens and providing other efficiencies, enabling EarthLink and its subsidiaries to become stronger competitors to the ultimate benefit of consumers. The *pro forma* changes may also provide the Company with greater flexibility for future equity, debt and other transactions. The *pro forma* changes will be transparent to customers and will not result in any change in their services, and the rates, terms and conditions of their services will not change as a result of the purely intra-company changes.

with EarthLink as the surviving corporation and a wholly owned subsidiary of EarthLink Holdings. In addition, EarthLink, which does not itself have any regulated telecommunications operations, will convert from a Delaware corporation to a Delaware limited liability company. At the time of the *pro forma* transaction, the existing publicly traded shares of EarthLink will be converted into shares of EarthLink Holdings stock on a one-for-one basis. The existing shareholders of EarthLink will thereby become the shareholders of EarthLink Holdings in the same amounts and percentages as they held in EarthLink prior to the intra-company mergers.

This *pro forma* intermediate holding company change may occur in 2014 following completion of certain corporate documentation and other prerequisites.

\* \* \* \*

An original and four (4) copies of this letter are enclosed for filing. Please date-stamp the enclosed extra copy and return it in the envelope provided. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,

Butt P Ferenchet

Jean L. Kiddoo

Brett P. Ferenchak

Counsel for the Parties

## **LIST OF EXHIBITS**

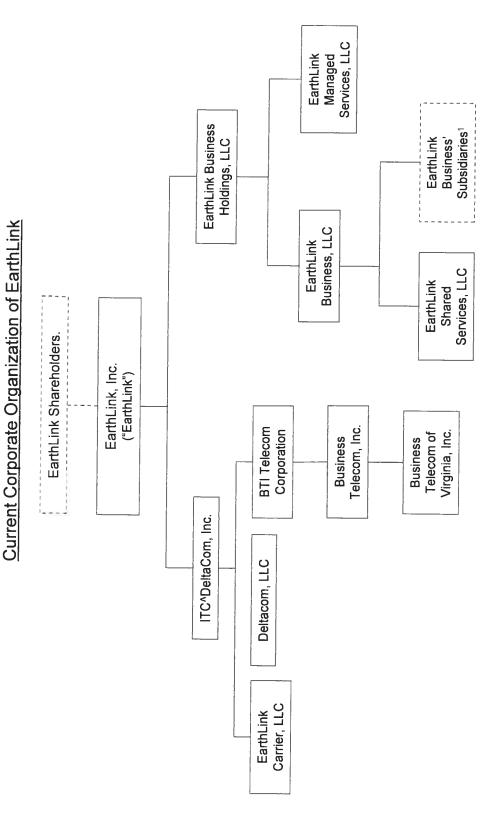
Exhibit A Current Corporate Organization of EarthLink

Proposed Corporate Organization of EarthLink Exhibit B

Exhibit C Corporate Organization of the KY Authorized Entities Before and After the ProForma Intra-Company Changes

## **EXHIBIT A**

## Current Corporate Organization of EarthLink



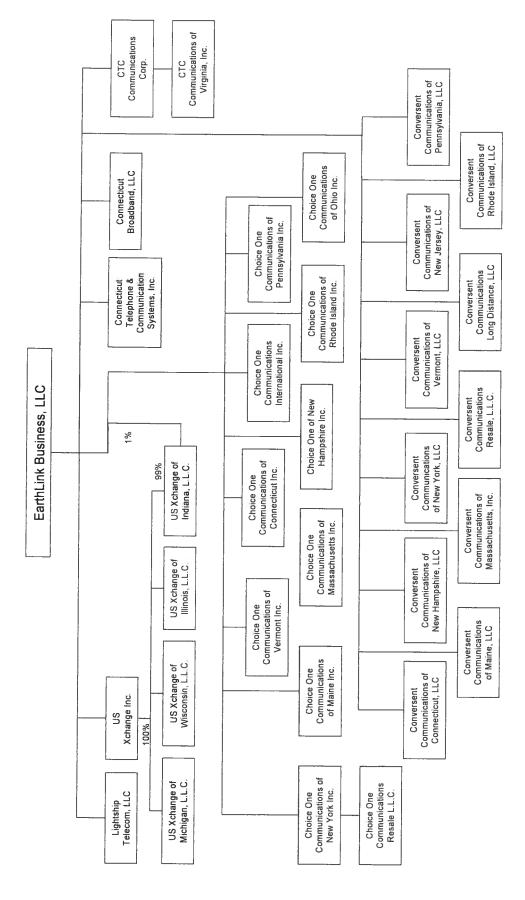
¹ See the chart labeled "Current Corporate Organization of EarthLink Business' Subsidiaries".

Page 1

Unless otherwise indicated all ownership percentages are 100%.

**EXHIBIT A** 

# Current Corporate Organization of EarthLink Business' Subsidiaries

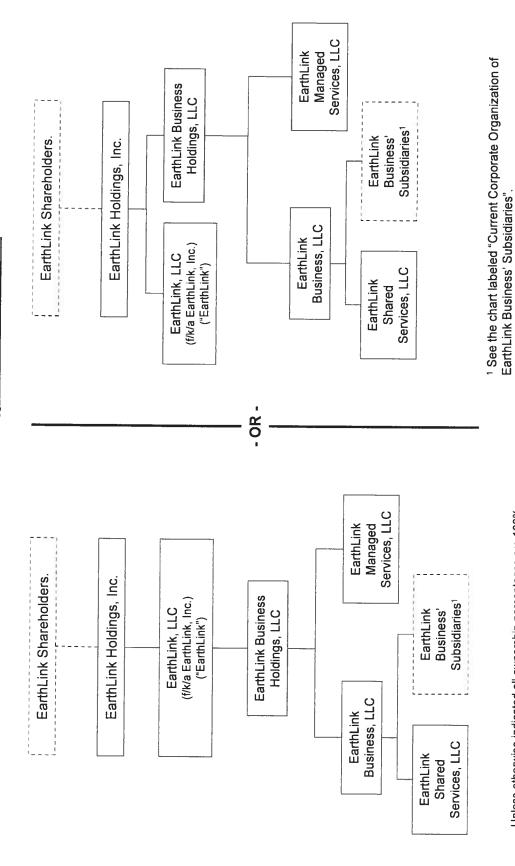


Unless otherwise indicated all ownership percentages are 100%.

## **EXHIBIT B**

Proposed Corporate Organization of EarthLink

## Proposed Corporate Organization of EarthLink

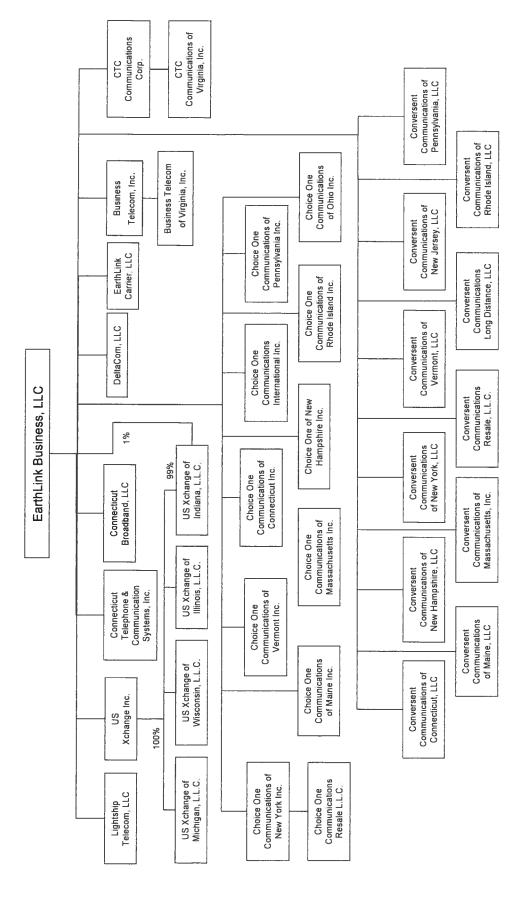


Unless otherwise indicated all ownership percentages are 100%.

Page 1

**EXHIBIT B** 

# Proposed Corporate Organization of EarthLink Business' Subsidiaries



Unless otherwise indicated all ownership percentages are 100%.

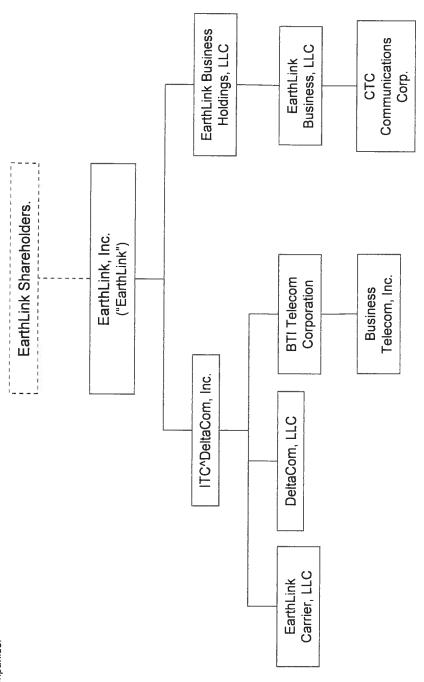
## **EXHIBIT C**

Corporate Organization of the KY Authorized Entities Before and After the *Pro Forma* Intra-Company Changes

## **EXHIBIT C**

## Current Corporate Organization of the KY Authorized Entities

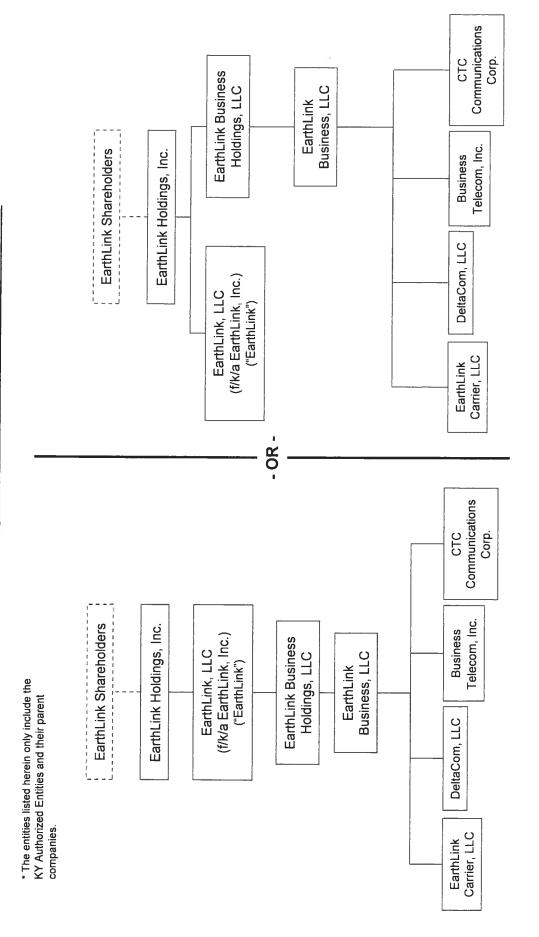
\* The entities listed herein only include the KY Authorized Entities and their parent companies.



Page 1

## **EXHIBIT C**

# Proposed Corporate Organization of the KY Authorized Entities



Page 2

## **VERIFICATION**

## **VERIFICATION**

STATE OF GEORGIA §
COUNTY OF FULTON §

I, Samuel R. DeSimone, Jr., state that I am Executive Vice President, General Counsel and Secretary of EarthLink, Inc. and its subsidiaries in the foregoing filing (collectively, the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that matters set forth in the filing are true and correct to the best of my knowledge, information, and belief.

Samuel R. DeSimone, Jr.

Executive Vice President, General Counsel and Secretary

EarthLink, Inc.

SWORN TO AND SUBSCRIBED before me on the day of September, 2013.

Notary Public

My commission expires: 115/14

5/14