

ORIGINAL

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March 30, 2006

RECEIVED

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PUBLIC SERVICE
COMMISSION

By Overnight Delivery

Elizabeth O'Donnell, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, KY 40601

**Re: Integra Telecom Holdings, Inc. and Electric Lightwave, LLC –
Notice of Transfer of Control of Electric Lightwave, LLC**

Dear Mr. Dorman:

Integra Telecom Holdings, Inc. ("Integra") and Electric Lightwave, LLC ("ELI") (together the "Parties"), through undersigned counsel and pursuant to the Orders issued in Administrative Case Nos. 359 and 370 on June 21, 1996 and January 31, 1998, respectively, advise the Commission of a transaction whereby direct ownership and control of ELI will be transferred to Integra. In particular, the Parties have agreed to complete a transaction whereby Integra will acquire (among other things) all of the outstanding membership interests of ELI, a certificated carrier authorized to provide service in Kentucky. Immediately upon completion of the proposed transaction, ELI will be a direct, wholly owned subsidiary of Integra.

It is the understanding of the Parties that Commission approval is not required to complete the transaction described herein. The Parties nevertheless file this letter as a courtesy to advise the Commission of the proposed transaction and ensure the continuing accuracy of the Commission's records.

The Parties further state as follows:

I. Description of the Parties

A. Electric Lightwave, LLC. ("ELI")

Electric Lightwave, LLC is a limited liability company organized under the laws of Delaware. ELI's current principal place of business is at 4400 NE 77th Avenue, Vancouver, Washington 98662. ELI's sole member is CU Capital LLC

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("CU Capital"), a Delaware limited liability company, whose sole member is Citizens Communications Company ("Citizens"), a Delaware corporation.

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Founded in 1990, ELI is an Integrated Communications Providers of local telephone, data, network, and long distance services to small and medium enterprise businesses, carriers, and the growing e-commerce market. In parts of the western United States, ELI is a full service telecommunications provider, offering business customers a suite of integrated products and services, including local phone service, switched and dedicated long distance, private networks, advanced data and Internet access services. Nationwide, ELI offers long distance, data, Internet access and broadband transport services. In Kentucky, ELI is authorized to provide interexchange telecommunications services pursuant to registration and tariffs on file with the Commission.

B. Integra Telecom Holdings, Inc. ("Integra")

Integra Telecom Holdings, Inc. is an Oregon corporation with principal offices located at 1201 NE Lloyd Boulevard, Suite 500, Portland, Oregon 97232. Integra is a wholly-owned subsidiary of Integra Telecom, Inc. Through its state-specific operating subsidiaries, Integra provides local telephone service, long distance calling, and high-speed Internet access to small and mid-sized businesses in Minnesota, North Dakota, Oregon, Utah, and Washington. Integra also provides long distance services in Montana and Wisconsin. Integra is a facilities-based service provider, operating its network from various switching centers throughout its operating regions. Today, Integra serves over 300,000 access line equivalents across its operating area. Integra differentiates itself by staffing locally based customer care, technical, and account management professionals whose goal is to provide high-level, personalized client service and satisfaction and by investing substantial capital in building and operating a facilities based, proprietary operating network.

II. Description of the Transaction

The Parties have agreed to complete a transaction whereby ELI will become, immediately after closing, a wholly owned direct subsidiary of Integra. In order to consummate the proposed transaction, the Parties have entered into a Membership Interest Purchase Agreement ("Agreement") dated as of February 6, 2006. Pursuant to the Agreement, Integra will purchase from CU Capital all of the issued and outstanding membership interests in ELI, and will thereby become the

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sole controlling member of ELI. The purchase price to be paid by Integra will be approximately \$247 million including \$243 million in cash plus the assumption of \$4 million in capital leases, subject to customary adjustments. Immediately following the transaction, ELI will continue to operate as a separate subsidiary of Integra. For the Commission's convenience, pre- and post-transaction corporate organizational charts are provided as Exhibit A attached hereto.

Although the proposed transaction will result in a change in the ownership of ELI, the proposed transaction will not adversely affect the assets ELI currently holds or any of the customers who receive service in connection with ELI's on-going operations. Immediately following the consummation of the transaction, those customers will continue to receive service under the same rates, terms and conditions of service. In connection with the instant transaction, therefore, the transfer of control of ELI to Integra is expected to be seamless and virtually transparent to consumers in Kentucky, in terms of the services they receive.

For the Commission's information, Integra may, at a later date and subject to Commission approval if jurisdiction exists, seek to transfer some or all of ELI's assets to another Integra-controlled entity for corporate governance and tax filing purposes. Additionally, for branding and customer identity reasons, Integra intends, as part of a transition plan, to adopt a simple, easy to understand, single brand identity, utilizing the Integra name, the ELI name, or a combination of the two names.

III. Public Interest Considerations

The Parties respectfully submit that the proposed transaction described herein will serve the public interest. In particular, the proposed transaction will provide the Parties with access to each other's advanced network capabilities, technical and financial strengths and complementary services, which together are expected to strengthen the Parties' ability to expand their offerings and provide more advanced telecommunications services. The Parties expect that the proposed acquisition will enable both ELI and Integra to continue to offer innovative products and to further strengthen their competitive position to the benefit of Kentucky consumers and the State's telecommunications marketplace.

Further, the transaction will be conducted in a manner that is expected to be virtually transparent to customers of ELI. Following consummation of the proposed transaction, ELI will continue to provide high-quality communications services to its

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customers without interruption and without immediate change in rates, terms or conditions.

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IV. Conclusion

For the reasons stated above, the Parties respectfully submit that the public interest, convenience, and necessity will be furthered by completion of the proposed transactions.

An original and ten (10) copies of this letter are enclosed. Please date-stamp and return the enclosed extra copy of this filing in the attached self-addressed stamped envelope. Questions regarding this filing may be directed to Brett Ferenchak at (202) 373-6697.

Respectfully submitted,



Russell M. Blau
Brett P. Ferenchak

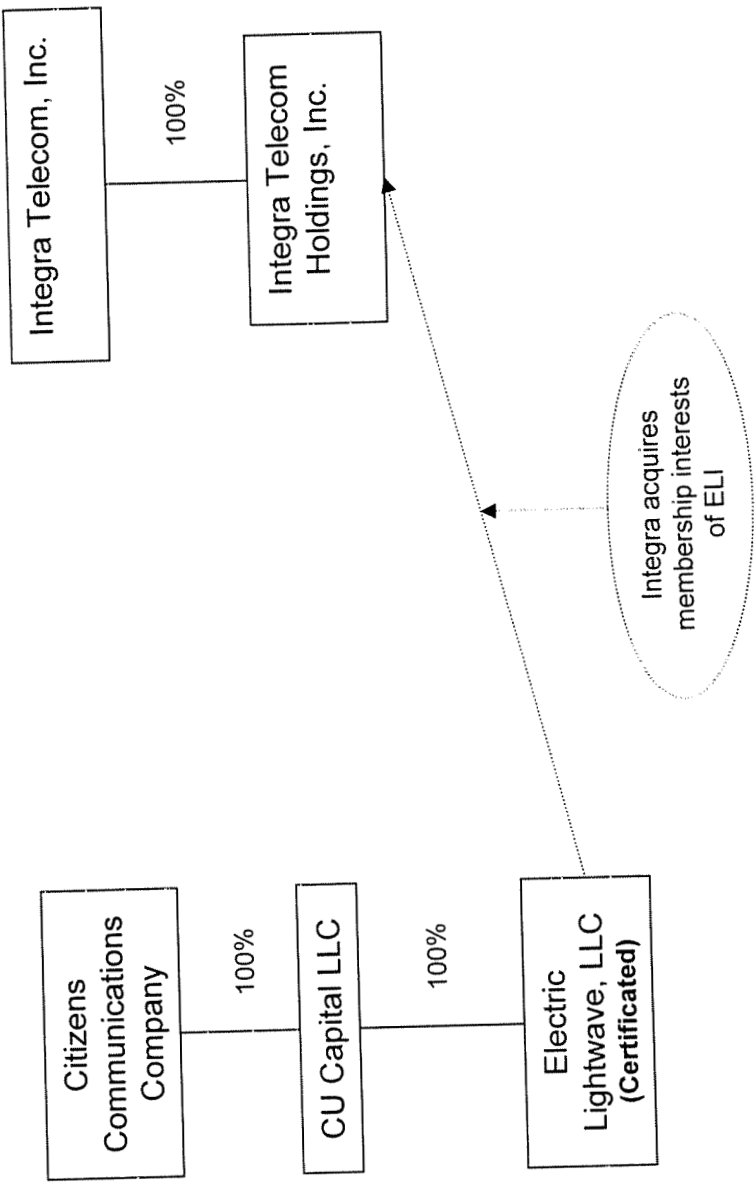
Counsel for Electric Lightwave, LLC

Exhibit A

Pre- and Post-Transaction Corporate Organizational Chart

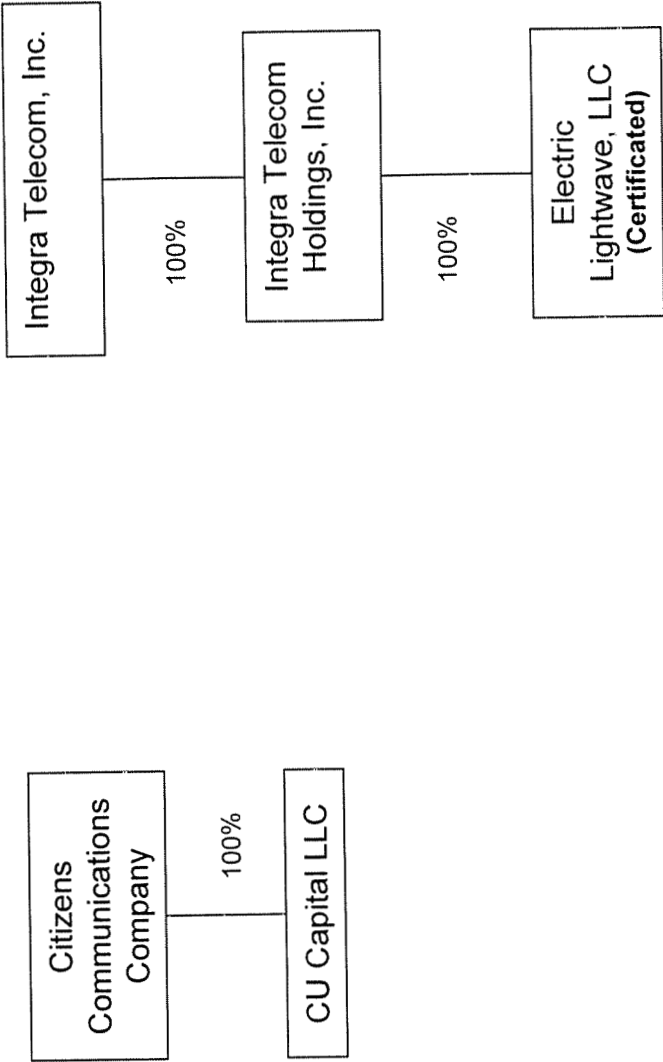
Illustrative Chart

Pre-Transaction



Illustrative Chart

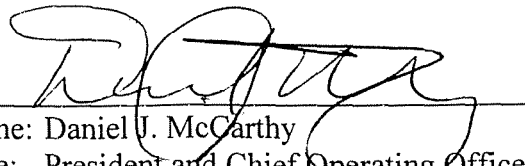
Post-Transaction



VERIFICATION

I, Daniel J. McCarthy, state that I am President and Chief Operating Officer for Electric Lightwave, LLC; that I am authorized to make this Verification on behalf of Electric Lightwave, LLC; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing filing are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 14th day of March, 2006.



Name: Daniel J. McCarthy
Title: President and Chief Operating Officer
Electric Lightwave, LLC

Subscribed and sworn to before me, a Notary Public, in and for County of Fairfield and State of Connecticut, this 14th day of March, 2006

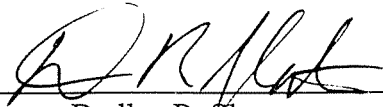
Oliver M. Hernandez
Notary Public

My Commission Expires 10/31/06

VERIFICATION

I, Dudley R. Slater, state that I am Chief Executive Officer for Integra Telecom Holdings, Inc.; that I am authorized to make this Verification on behalf of Integra Telecom Holdings, Inc.; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing filing are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 2nd day of March, 2006.



Name: Dudley R. Slater

Title: Chief Executive Officer
Integra Telecom Holdings, Inc.