

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

Writer's Direct Dial Number
(703) 714-1313

RECEIVED Writer's E-mail Address
jsm@thlglaw.com

August 16, 2005

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PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT DELIVERY

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

*Re: Manhattan Telecommunications Corporation, d/b/a Metropolitan
Telecommunications and Business Productivity Solutions, Inc. Notification of
Intent to Complete a Transfer of Control*

Dear Executive Director:

Manhattan Telecommunications Corporation, d/b/a Metropolitan Telecommunications Corporation ("MetTel") and Business Productivity Solutions, Inc. ("BPS" and, together with MetTel, "the Parties"), through their undersigned counsel, hereby notify the Kentucky Public Service Commission ("Commission") of their intent to consummate a transaction through which BPS will become a direct wholly owned subsidiary of MetTel. The proposed Transaction will be entirely transparent to BPS' customers because it will: (1) be completed at the holding company level, (2) not change the rates, terms or conditions of BPS' services, and (3) result in MetTel continuing to provide service to BPS customers under the "Business Productivity Solutions, Inc." brand name following consummation of the Purchase Agreement ("Agreement") by and between MetTel, BPS and BPS' direct parent, Eschelon Operating Company ("OPCO"). The Parties intend to consummate the proposed Transaction as soon as possible.

Based on a review of applicable state law, the Parties conclude that Commission approval of the proposed Transaction is not required. Therefore, the Parties provide this notice to advise the Commission of their intent to complete the proposed Transaction as soon as possible.

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. DESCRIPTION OF THE PARTIES

A. MetTel

Manhattan Telecommunications Corporation, d/b/a Metropolitan Telecommunications (hereafter "MetTel") is a privately-held corporation organized under the laws of the state of Delaware. MetTel is a direct, wholly owned subsidiary of Metropolitan Telecommunications Holding Company, also a Delaware corporation. MetTel's principal business address is located at 44 Wall Street, 6th Floor, New York, New York 10005. MetTel, through one of its wholly-owned subsidiaries, Metropolitan Telecommunications of Kentucky, Inc., is currently licensed by the Commission to provide local and long distance telecommunications services in the State of Kentucky pursuant to authority issued in Docket No. 61-1769 (February 13, 2001).

Founded in 1996 as a full-service telecommunications company, today, MetTel is a rapidly expanding integrated communications provider. Either directly or through its wholly owned operating subsidiaries,¹ MetTel presently provides local exchange, domestic interexchange (both interLATA and intraLATA), international and advanced data and Internet services to customers residing in: California, Connecticut, District of Columbia, Delaware, Florida, Georgia, Illinois, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Virginia, and West Virginia. MetTel is rapidly expanding from its regional base in the Northeast and Mid-Atlantic states with plans to offer service to customers in all 48 lower states and Hawaii by the end of 2005. At present, however, there are no other affiliates of MetTel that currently provide domestic telecommunications services.

MetTel is already an established telecommunications and advanced communications services provider with substantial experience in the telecommunications industry and the

¹ In New York, MetTel provides services directly through Manhattan Telecommunications Corporation. In other states, MetTel provides services through its wholly owned subsidiaries, Metropolitan Telecommunications of California, Inc., Metropolitan Telecommunications of CT, Inc., Metropolitan Telecommunications of D.C., Inc., Metropolitan Telecommunications of DE, Inc., Metropolitan Telecommunications of Florida, Inc., Metropolitan Telecommunications of Georgia, Inc., Metropolitan Telecommunications of Illinois, Inc., Metropolitan Telecommunications of Maine, Inc., Metropolitan Telecommunications of Maryland, Inc., Metropolitan Telecommunications of Mass., Inc., Metropolitan Telecommunications of Michigan, Inc., Metropolitan Telecommunications of New Hampshire, Inc., Manhattan Telecommunications Corporation of New Jersey, Inc., Metropolitan Telecommunications of North Carolina, Inc., Metropolitan Telecommunications of Ohio, Inc., Metropolitan Telecommunications of PA, Inc., Metropolitan Telecommunications of Rhode Island, Inc., Metropolitan Telecommunications of South Carolina, Inc., Metropolitan Telecommunications of Texas, Inc., Metropolitan Telecommunications of Vermont, Inc., MetTel of VA, Inc. and Metropolitan Telecommunications of West Virginia, Inc.

technical and financial resources to serve and maintain BPS' existing customer base. MetTel has the managerial, technical and financial resources to grow BPS and offer existing and new customers advanced options and additional communications choices at competitive rates.

B. BPS

Business Productivity Solutions, Inc. (hereafter "BPS") is a privately-held corporation organized under the laws of the state of Minnesota. BPS' principal place of business is located at 730 2nd Avenue South, Suite 900, Minneapolis, Minnesota 55402. BPS is a direct, wholly owned subsidiary of Eschelon Operating Company ("OPCO"), a Minnesota corporation that functions as a holding company, which in turn is a direct, wholly owned subsidiary of Eschelon Telecom, Inc. (hereafter "ETI"), a Delaware corporation, the ultimate parent corporation. ETI is authorized to provide telecommunications services in California, Idaho, New Mexico and New York.

OPCO has several direct, wholly owned subsidiaries that offer telecommunications services in various states.² In these states, the subsidiaries provide resold and facilities-based local, resold long distance, Internet and data services to small and medium sized-businesses. ETI's BPS subsidiary also provides long distance services to residential customers. ETI and its subsidiaries, collectively "Eschelon," are headquartered at the above address, provide voice, data, Internet services and business telephone systems to over 50,000 customers, and have over 387,000 access lines in service. Eschelon owns switches in all states where it offers local services. The average Eschelon customer has 5-8 lines. Eschelon provides local and long distance facilities-based service in 19 markets in 8 states.³ There are no other affiliates of BPS that offer domestic telecommunications services.

BPS is licensed, registered or otherwise authorized to provide resold intrastate and interstate telecommunications throughout the contiguous United States and the District of Columbia. Additionally, BPS is authorized to provide local exchange services in Connecticut, Delaware, Hawaii, Kansas, Missouri, Massachusetts, North Dakota, Oregon, Tennessee and Wisconsin.

BPS has authority to provide long distance telecommunications services in the State of Kentucky pursuant to Commission registration and required notice dated November 9, 2004, and tariff filing No. TFS2004-01584.

² Advanced TelCom, Inc., Eschelon Telecom of Minnesota, Inc., Eschelon Telecom of Washington, Inc., Eschelon Telecom of Colorado, Inc., Eschelon Telecom of Nevada, Inc., Eschelon Telecom of Arizona, Inc., Eschelon Telecom of Utah, Inc. and Eschelon Telecom of Oregon, Inc.

³ ETI and its operating subsidiaries, not including BPS, are not involved in the instant transaction. They will continue to hold their telecommunications authorizations and serve their existing customers as they have in the past.

II. CONTACT INFORMATION

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

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)

With a copy to:

Andoni Economou
Chief Operating Officer and Executive Vice President
Manhattan Telecommunications Corporation
44 Wall Street, 6th Floor
New York, NY 10005
Telephone: (212) 607-2004
Facsimile: (212) 635-5074
E-mail: aeconomou@mettel.net

And

J. Jeffery Oxley
Business Productivity Solutions, Inc.
730 2nd Avenue South, Suite 900
Minneapolis, MN 55402
Telephone: (612) 436-6692
Facsimile: (612) 436-6792
E-mail: jjoxley@eschelon.com

III. DESCRIPTION OF THE TRANSACTION

The Parties propose to complete a transaction ("Transaction") whereby MetTel will acquire BPS. On August 10, 2005, MetTel, BPS and OPCO, the immediate parent of BPS and a wholly owned subsidiary ETI, signed a Purchase Agreement ("Agreement") pursuant to which MetTel will acquire 100% of the stock of BPS. Closing of the Transaction is contingent upon the Parties obtaining all required Governmental approvals and satisfaction of other standard conditions. Upon consummation of the Agreement, BPS will become a direct, wholly owned subsidiary of MetTel, which in turn is 100% owned by Metropolitan Telecommunications Holding Company ("MTHC").

An organizational chart illustrating the pre- and post-Transaction corporate structures of the Parties is attached at Exhibit A.

The proposed Transaction will be completed at the holding company level and will not result in any transfer or assignment of BPS' operating authority or customers. Instead, the only change will be MetTel and MTHC taking direct and ultimate control of BPS from OPCO and ETI, respectively. Upon consummation of the Transaction, BPS will continue to provide services to customers under its existing name. Furthermore, BPS will continue to conduct its operations in substantially the same manner in which those operations are currently conducted. Immediately after the Transaction is completed, BPS' customers will continue to receive end user service under the same rates, terms and conditions that currently apply. As a result, the proposed Transaction will be entirely transparent to BPS customers, not only in terms of the end user services that they receive, but also the name of the company providing these services. The Parties reiterate that the only change effected by the Transaction is the transfer of direct and ultimate control of BPS from OPCO and ETI to MetTel and MTHC, respectively.

After consummation of the Transaction, BPS will continue to operate under its name and operating authorities as at present. The Transaction involves no change in the entity providing end user service to customers or the retail services, rates, terms and conditions of such services. All existing tariffs will remain in place. The transfer of control will be entirely transparent to BPS customers and will not have any adverse impact on them. The only change will be in the direct and ultimate ownership of BPS.

IV. PUBLIC INTEREST CONSIDERATIONS

The Parties respectfully submit that the proposed Transaction serves the public interest. In particular, the Parties submit that (1) MetTel holds the financial, managerial and technical qualifications to acquire and operate BPS; (2) the Transaction will benefit competition in the telecommunications market by enabling MetTel to continue its development as an effective competitor in the state; and (3) the Transaction will assure that there is no disruption of service and will be entirely transparent to existing BPS customers.

After consummation of the Transaction, BPS will continue to operate under its name and operating authorities as at present. The Transaction involves no change in the entity providing service to customers or the services, rates, terms and conditions of such services. All existing tariffs will remain in place. The transfer of control will be entirely transparent to customer and will not have any adverse impact on them. The only change will be in the ultimate ownership of BPS.

The Parties expect that the Transaction will increase competition in the telecommunications market by strengthening MetTel's position as an effective and multifaceted telecommunications carrier. The Transaction will allow MetTel to combine its financial, technical and market resources and expertise with that of BPS, thereby enhancing its ability to provide reliable, competitively priced services to customers.

MetTel focuses on delivering reliable, high-quality voice, data and Internet services to the medium and large business markets. Customers currently served by BPS fall squarely within MetTel market niche and therefore make an ideal fit with MetTel's long term expansion goals.

Consummation of the proposed Transaction will make available to BPS customers MetTel's innovative and proprietary operations support systems, which provide leading edge electronic bonding, provisioning, customer care and billing system capabilities. MetTel is committed to exceeding customer expectations and understands that service and support are just as important as having the latest technology at competitive prices. That is why MetTel supports its products and services with dedicated and skilled account teams. BPS customers can expect the same dedicated attention if the proposed Transaction is consummated.

The transfer of control of BPS to MetTel does not result in any anticompetitive effects. BPS and MetTel together will achieve economies of scale and scope which will enhance MetTel's ability to deploy new products and services and expand into new markets. Although BPS and MetTel both provide similar services in a few overlapping markets, neither has significant market share in any of these markets and the combined market share post-closing will not exceed 10 percent in any market. In all instances where BPS and MetTel provide local exchange services, the incumbent local exchange carrier has a virtual monopoly and this Transaction will not diminish the ILEC's dominant market position. Furthermore, in all instances where BPS and MetTel provide interexchange telecommunications services in overlapping markets, carriers such as AT&T, MCI and a plethora of others are active participants in these markets. Accordingly, the transfer of control of BPS to MetTel will increase, not degrade, the competitiveness of these markets.

V. **CONCLUSION**

For the reasons stated above, the Parties respectfully submit that the public interest, convenience, and necessity would be furthered through consummation of their proposed Transaction. Accordingly, the Parties notify the Commission of their intent to complete the Transaction 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 Joint Parties

J. Jeffery Oxley
Business Productivity Solutions, Inc.
730 2nd Avenue South, Suite 900
Minneapolis, MN 55402
Telephone: (612) 436-6692
Facsimile: (612) 436-6792
E-mail: jjoxley@eschelon.com

Andoni Economou
Chief Operating Officer and
Executive Vice President
Manhattan Telecommunications
Corporation
44 Wall Street, 6th Floor
New York, NY 10005
Telephone: (212) 607-2004
Facsimile: (212) 635-5074
E-mail: aeconomou@mettel.net

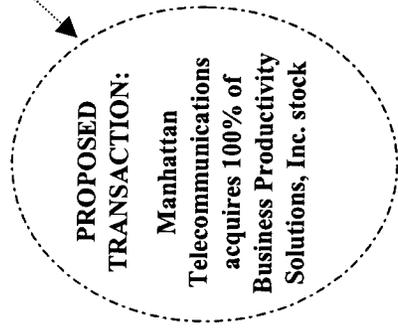
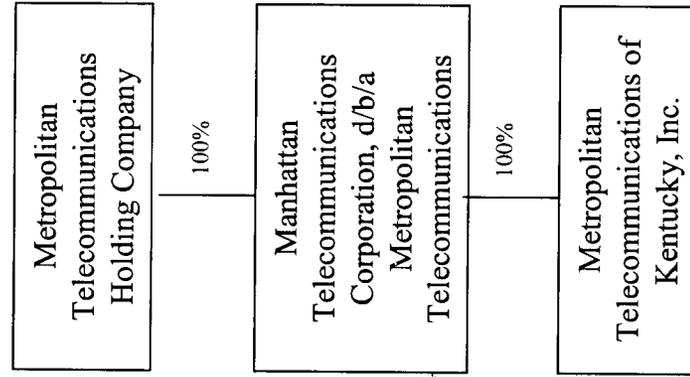
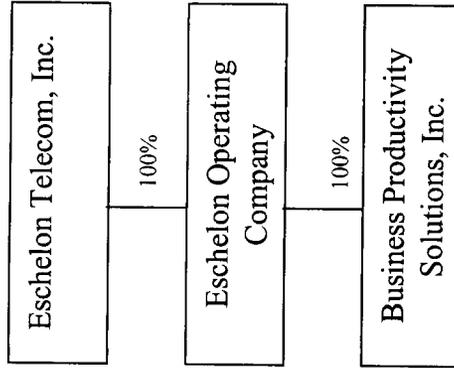
Dated: August 16, 2005

EXHIBIT A

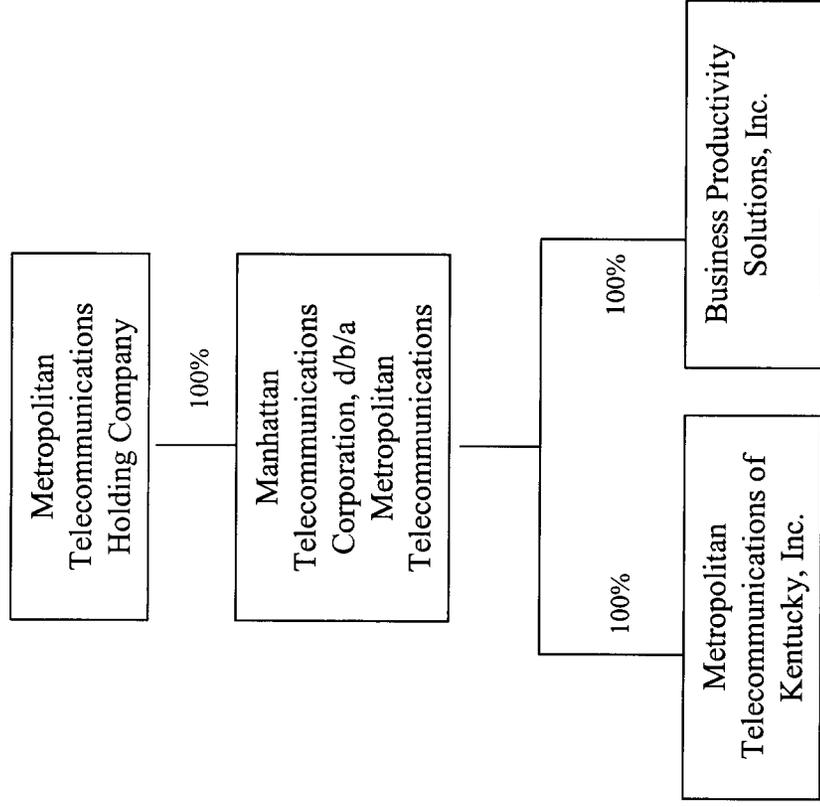
Illustrative Organizational Chart

MetTel - Business Productivity Solutions, Inc. Transfer of Control
Illustrative Pre & Post Transaction Organizational Chart

Pre-Transaction



Post-Transaction



Upon acquiring control of BPS, Manhattan Telecommunications Corporation will continue to provide services to Business Productivity Solutions, Inc.'s customers under the "Business Productivity Solutions, Inc." name and according to the same rates, terms and conditions of service. The proposed transaction is entirely transparent to affected customers.

VERIFICATIONS

VERIFICATION

I, Andoni Economou, acting on behalf of Manhattan Telecommunications Corporation, first being duly sworn upon oath depose and say I am Chief Operating Officer and Executive Vice President of Manhattan Telecommunications Corporation; that I am authorized to make this statement on its behalf; that I have read the above and foregoing filing and know the contents thereof; and that said contents are true in substance and in fact, except as to those matters stated upon information and belief, and as to those, I believe same to be true.



Andoni Economou

Chief Operating Officer and
Executive Vice President
Manhattan Telecommunications Corporation

County of New York)
)
State of New York)

Subscribed and sworn to before me this 10 day of August, 2005.



Notary Public **JONATHAN D. BACHRACH**
Notary Public, State of New York
No. 4754084
Qualified in New York County
Commission Expires August 31, 2005

My Commission Expires: _____

VERIFICATION

I, J. Jeffery Oxley, acting on behalf of Business Productivity Solutions, Inc., first being duly sworn upon oath depose and say I am Corporate Secretary of Business Productivity Solutions, Inc.; that I am authorized to make this statement on its behalf; that I have read the above and foregoing filing and know the contents thereof; and that said contents are true in substance and in fact, except as to those matters stated upon information and belief, and as to those, I believe same to be true.

J. Jeffery Oxley
J. Jeffery Oxley
Corporate Secretary
Business Productivity Solutions, Inc.

State of Minnesota)
)
County of Hennepin)

Subscribed and sworn to before me this 10th day of August, 2005.

TOBE L. GOLDBERG
Notary Public

My Commission Expires: 01-31-2010

