

T63-0787

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

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DIRECT LINE: (202) 887-1211

EMAIL: bfreedson@kelleydrye.com

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22251646 - 0505
9500

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PUBLIC SERVICE COMMISSION

July 3, 2002

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TOKYO, JAPAN

VIA FEDERAL EXPRESS

Thomas M. Dorman, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfurt, Kentucky 40602-0615

Re: Notice of Intent By Xspedius Management Co. of Lexington, LLC to Transact the Business of an Interexchange Service Provider in the Commonwealth of Kentucky

Dear Mr. Dorman:

On June 17, 2002, Xspedius Management Co. of Lexington, LLC ("Xspedius") filed with the Kentucky Public Service Commission ("Commission") the above-referenced Notice of Intent to Transact the Business of an Interexchange Service Provider in the State of Kentucky. Per the request of Commission Staff, please find attached for filing in this proceeding the Adoption Notice of Xspedius for all tariffs and supplements of American Communication Services of Lexington, Inc., d/b/a e.spire, containing the rates, rules and regulations pursuant to which Xspedius will provide facilities-based and resold interexchange services (including special access and private line services) between points in the Commonwealth of Kentucky.

Enclosed please find ten (10) copies of this filing, a duplicate and a self-addressed, stamped envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Please feel free to contact me at (202) 887-1211 if you have any questions regarding this filing.

Respectfully submitted,

Brett Heather Freedson
Brett Heather Freedson

Attachments

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July 3, 2002

VIA FEDERAL EXPRESS

Thomas M. Dorman, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfurt, Kentucky 40602-0615

Re: Notice of Intent By Xspedius Management Co. of Louisville, LLC to Transact
the Business of a Local Exchange Service Provider in the Commonwealth of
Kentucky

Dear Mr. Dorman:

On June 17, 2002, Xspedius Management Co. of Louisville, LLC ("Xspedius") filed with the Kentucky Public Service Commission ("Commission") the above-referenced Notice of Intent to Transact the Business of a Local Exchange Service Provider in the State of Kentucky. Per the request of Commission Staff, please find attached for filing in this proceeding the Adoption Notice of Xspedius for all tariffs and supplements of American Communication Services of Louisville, Inc., d/b/a e.spire, containing the rates, rules and regulations pursuant to which Xspedius will provide facilities-based and resold local exchange services (including special access and private line services) between points in the Commonwealth of Kentucky.

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Respectfully submitted,

Brett Heather Freedson

Brett Heather Freedson

Attachments

ADOPTION NOTICE

The undersigned Xspedius Management Co. of Louisville, LLC of O'Fallon, Missouri hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing facilities-based and resold local exchange service (including special access and private line service) between various locations in the Commonwealth of Kentucky, filed by the Public Service Commission of Kentucky by American Communication Services of Louisville, Inc., d/b/a e.spire, of 131 National Business Parkway, Suite 100, Annapolis Junction, Maryland 20701 and in effect on the _____ day of _____, 20___, the date on which the public service business of the said American Communication Services of Louisville, Inc., d/b/a e.spire, was taken over by it.

This notice is issued on the 3rd day of July, in conformity with KAR 5:011, Section 11, of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

By: Brett Heather Freedson

Brett Heather Freedson

*Counsel for Xspedius
Management Co. of Louisville, LLC*

Authorized by Ky.P.S.C. Order No. _____

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*Counsel for Xspedius
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June 17, 2002

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PUBLIC SERVICE
COMMISSION

VIA FEDERAL EXPRESS

Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfurt, Kentucky 40602-0615

**Re: Notice of Intent by Xspedius Management Co. of Lexington, LLC to
Transact the Business of a Local Exchange Service Provider in the
State of Kentucky**

Dear Mr. Dorman:

Enclosed for filing with the Public Service Commission of Kentucky, please find an original and ten (10) copies of the Notice of Intent of Xspedius Management Co. of Lexington, LLC to Transact the Business of a Local Exchange Service Provider in the State of Kentucky.

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Respectfully submitted,



Brett Heather Freedson

Enclosures

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Brett H. Freedson

Brett Heather Freedson

Enclosures

BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

Notice of Intent By)
)
Xspedius Management Co.)
of Lexington, LLC)
)
To Transact the Business of)
An Interexchange Service Provider)
in the State of Kentucky)

Docket No. _____

NOTICE OF INTENT TO PROVIDE SERVICE

In accordance with the Kentucky Public Service Commission's Order in Exemptions for Interexchange Carriers, Long Distance Resellers, Operator Service Providers and Customer-Owned, Coin-Operated Telephones, Administrative Case No. 359 (June 21, 1996), Xspedius Management Co. of Lexington, LLC ("Xspedius" or "Company") respectfully submits this Notice of Intent to provide facilities-based and resold interexchange services in the Commonwealth of Kentucky ("Notice").¹ In support of this Notice, Xspedius submits the following information:

I. NAME AND ADDRESS OF THE COMPANY

The complete name and address of the Company are:

Xspedius Management Co. of Lexington, LLC
P.O. Box 1116
O'Fallon, Missouri 63366-1116

¹ Xspedius is not yet providing regulated telecommunications services in any jurisdiction. Xspedius is in the process of acquiring the assets and customer base of American Communication Services of Lexington, Inc., d/b/a e.spire. A Notification of this transaction has been filed with the Commission under separate cover.

RECEIVED

JUN 17 2002

PUBLIC SERVICE
COMMISSION

BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

Notice of Intent By)
)
Xspedius Management Co.)
of Lexington, LLC)
)
To Transact the Business of)
A Local Exchange Service Provider)
in the State of Kentucky)

Docket No. _____

NOTICE OF INTENT TO PROVIDE SERVICE

In accordance with the Kentucky Public Service Commission's Order in Exemptions for Providers of Local Exchange Service Other Than Incumbent Local Exchange Carriers, Administrative Case No. 370 (January 8, 1998), Xspedius Management Co. of Lexington, LLC ("Xspedius" or "Company") respectfully submits this Notice of Intent to provide facilities-based and resold local exchange services in the Commonwealth of Kentucky ("Notice").¹ In support of this Notice, Xspedius submits the following information:

I. NAME AND ADDRESS OF THE COMPANY

The complete name and address of the Company are:

Xspedius Management Co. of Lexington, LLC
P.O. Box 1116
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II. CERTIFICATE OF FORMATION

Xspedius is a limited liability company formed under the laws of the State of Delaware. A copy of the Company's Certificate of Formation is attached hereto as *Exhibit A*.

III. CONTACT INFORMATION

For immediate personal assistance, customers may contact Xspedius, toll free, at 1-800-937-7473.

All regulatory issues and customer complaints may be directed to the following designated representative of Xspedius:

Chad Pifer, Esq.
Director of Regulatory and Legal Affairs
XSPEDIUS MANAGEMENT CO. OF LEXINGTON, LLC
901 Lakeshore Drive, Floor 2
Lake Charles, Louisiana 70601

The designated contacts for all inquiries regarding this Notice are:

Brad E. Mutschelknaus, Esq.
Enrico C. Soriano, Esq.
Brett Heather Freedson, Esq.
KELLEY DRYE & WARREN LLP
1200 Nineteenth Street, N.W., Suite 500
Washington, D.C. 20036
Tel. (202) 955-9600
Fax (202) 955-9792

IV. NOTARIZED STATEMENT

A notarized statement by an officer of Xspedius is appended hereto as *Exhibit B*.

The company has not provided or collected for intrastate service in Kentucky prior to filing this Notice.

V. SERVICE TO AGGREGATORS

The Company does not seek to provide operator-assisted services to traffic aggregators.

VI. PROPOSED TARIFF

A copy of the Proposed Tariff for facilities-based and resold local exchange services provided by Xspedius Management Co. of Lexington, LLC is appended hereto as *Exhibit C*. This Tariff is submitted to become effective thirty (30) days from the date of this Notice.

Respectfully submitted,

By: Brett P. Freedson
Brad E. Mutschelknaus, Esq.
Enrico C. Soriano, Esq.
Brett Heather Freedson, Esq.
KELLEY DRYE & WARREN LLP
1200 Nineteenth Street, N.W., Suite 500
Washington, D.C. 20036
Tel. (202) 955-9600
Fax (202) 955-9792

Dated: June 17, 2002

EXHIBIT A

CERTIFICATE OF FORMATION

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "XSPEDIUS MANAGEMENT CO. OF LEXINGTON, LLC", FILED IN THIS OFFICE ON THE THIRD DAY OF JUNE, A.D. 2002, AT 9 O'CLOCK A.M.



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

3532243 8100

020355323

AUTHENTICATION: 1810161

DATE: 06-04-02

STATE of DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE of FORMATION

- First: The name of the limited liability company is Xpedius Management Co. of Lexington, LLC
- Second: The address of its registered office in the State of Delaware is 2711 Centerville Road Suite 400 in the City of Wilmington, DE 19808.
The name of its Registered agent at such address is Corporation Service Company
- Third: (Use this paragraph only if the company is to have a specific effective date of dissolution.) "The latest date on which the limited liability company is to dissolve is _____."
- Fourth: (Insert any other matters the members determine to include herein.)

In Witness Whereof, the undersigned have executed this Certificate of Formation of Xpedius Management Co. of Lexington, LLC this 3 day of June, 20 02

BY: Shelli T. Clark
Authorized Person(s)

NAME: Shelli T. Clark
Type or Print

EXHIBIT B

NOTARIZED STATEMENT

Parish
County of Calcasieu)
State of Louisiana)

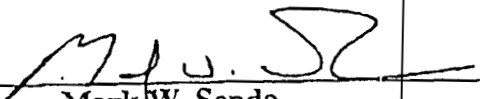
VERIFICATION OF
MARK W. SENDA

I, Mark W. Senda, being duly sworn upon oath, do hereby depose and state as follows:

1. My name is Mark W. Senda. I am employed by Xspedius Management Co., LLC ("Xspedius") as Chief Executive Officer. My business address is Xspedius Management Co., LLC, P.O. Box 1116, O'Fallon, MO 63366-1116. I am authorized by Xspedius to make this Verification on its behalf.

2. I declare that I have read the foregoing document and that the facts and any matters stated therein are true to the best of my knowledge, information, and belief.

FURTHER AFFLIANT SAYETH NOT.

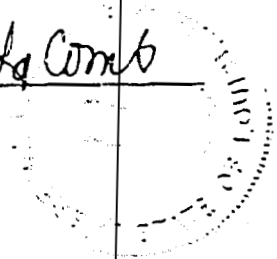


Mark W. Senda

SUBSCRIBED AND SWORN TO BEFORE ME this 14 day of June, 2002.



Brenda G. LaCombe
Notary Public



KELLEY DRYE & WARREN LLP

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COMMISSION

VIA FEDERAL EXPRESS

Mr. Thomas M. Dorman, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfurt, Kentucky 40602-0615

Re: Notification of ACSI Local Switched Services, Inc., d/b/a e.spire, American Communication Services of Lexington, Inc., d/b/a e.spire, American Communication Services of Louisville, Inc., d/b/a e.spire; and Xspedius Management Co. Switched Services, LLC Xspedius Management Co. of Lexington, LLC, and Xspedius Management Co. of Louisville, LLC of the Transfer of Substantially All of the Assets, Including Customer Contracts, of the e.spire Operating Entities to the Xspedius Operating Entities and the Discontinuance of Telecommunications Services in Kentucky by the e.spire Operating Entities

Dear Mr. Dorman :

ASCI Local Switched Services, Inc. ("ACSI Local"), American Communication Services of Lexington, Inc. ("ACSI Lexington"), and American Communication Services of Louisville, Inc. ("ACSI Louisville") (the "e.spire Operating Entities"); and Xspedius Management Co. Switched Services, LLC ("Xspedius Switched"), Xspedius Management Co. of Lexington, LLC ("Xspedius Lexington"), and Xspedius Management Co. of Louisville, LLC (the "Xspedius Operating Entities") (collectively, the "Parties"), through their undersigned counsel, hereby respectfully notify the Kentucky Public Service Commission ("Commission") of their intent to consummate a transaction arising out of the e.spire Operating Entities' Chapter 11

Mr. Thomas M. Dorman, Executive Director
Kentucky Public Service Commission
Page Two

of their assets to the Xspedius Operating Entities,² and to transfer the current customers of ACSI Local, ACSI Lexington, and ACSI Louisville to Xspedius Switched, Xspedius Lexington, and Xspedius Louisville, respectively, without interruption of service. Because the Xspedius Operating Entities will acquire the assets of the e.spire Operating Entities, and not the stock, upon completion of the transaction described herein, the e.spire Operating Entities no longer will provide telecommunications service in the State of Kentucky. Accordingly, the e.spire Operating Entities respectfully notify the Commission of their intent to discontinue the provision of telecommunications service in the State of Kentucky upon the complete transfer of their assets, including their customer accounts and contracts, to the Xspedius Operating Entities.

Pursuant to the terms of the transaction approved by the Bankruptcy Court on June 5, 2002 (the "Transaction"), the Xspedius Operating Entities will acquire substantially all of the assets of the e.spire Operating Entities, including most of their customer accounts and contracts.³ By separate Applications, which are being filed simultaneously with this letter,

² As the transaction is currently structured, the relevant assets will be initially transferred to Xspedius Management Co., LLC, and then immediately transferred to the Xspedius Operating Entities.

³ The e.spire entities that are parties to the asset transfer transaction are: e.spire Finance Corporation; ACSI Network Technologies, Inc.; e.spireDATA, Inc.; ACSI Local Switched Services, Inc.; ACSI Long Distance, Inc.; e.spire Leasing Corporation; American Communication Services of Albuquerque, Inc.; American Communication Services of Amarillo, Inc.; American Communication Services of Atlanta, Inc.; American Communication Services of Austin, Inc.; American Communication Services of Baton Rouge, Inc.; American Communication Services of Birmingham, Inc.; American Communication Services of Charleston, Inc.; American Communication Services of Chattanooga, Inc.; American Communication Services of Colorado Springs, Inc.; American Communication Services of Columbia, Inc.; American Communication Services of Columbus, Inc.; American Communication Services of Corpus Christi, Inc.; American Communication Services of Dallas, Inc.; American Communication Services of D.C., Inc.; American Communication Services of El Paso, Inc.; American Communication Services of Fort Worth, Inc.; American Communication Services of Greenville, Inc.; American Communication Services of Irving, Inc.; American Communication Services of Jackson, Inc.; American Communication Services of Jacksonville, Inc.; American Communication Services of Kansas City, Inc.; American Communication Services of Las Vegas, Inc.; American Communication Services of Lexington, Inc.; American Communication Services of Little Rock, Inc.; American Communication Services of Louisiana, Inc.; American Communication Services of Louisville, Inc.; American Communication Services of Maryland, Inc.; American Communication Services of Miami, Inc.; American Communication Services of Mobile, Inc.; American Communication Services of Montgomery, Inc.; American Communication Services of Pima County, Inc.; American Communication Services of Rio Rancho, Inc.; American Communication Services of Roanoke, Inc.; American Communication Services of San Antonio, Inc.; American Communication Services of Savannah, Inc.; American Communication Services of Shreveport, Inc.; American Communication Services of Spartanburg, Inc.; American Communication Services of

Mr. Thomas M. Dorman, Executive Director
Kentucky Public Service Commission
Page Three

Xspedius Switched, Xspedius Lexington, and Xspedius Louisville have requested the necessary authorizations to provide facilities-based and resold local exchange and interexchange telecommunications services in Kentucky, and, will provide such services to the former customers ACSI Local, ACSI Lexington, and ACSI Louisville pursuant to the new authorizations. The actual date for the transfer of customers currently served by the e.spire Operating Entities to the Xspedius Operating Entities cannot be determined at this time, as the completion of the Transaction requires various state and federal regulatory approvals. Accordingly, the Parties will notify the Commission when the transaction is complete. In the interim, the e.spire Operating Entities will provide continuous and uninterrupted telecommunications service to their current customers.

It is the Parties' understanding that no formal Commission approval is required to complete the Transaction described in this letter. The Parties therefore submit this letter for the Commission's information and request that it be retained in the appropriate file.

I. PARTIES TO THE TRANSACTION

A. The Xspedius Operating Entities

The Xspedius Operating Entities are subsidiaries of Xspedius Management Co., LLC ("Xspedius"). Xspedius Management Co. Switched Services, LLC, Xspedius Management Co. of Lexington, LLC, and Xspedius Management Co. of Louisville are limited liability companies formed under the laws of the State of Delaware. The principal business address for the Xspedius Operating Entities is P.O. Box 1116, O'Fallon, MO 63366-1116. At the present time, the Xspedius Operating Entities are not authorized to provide telecommunications services in the State of Kentucky, although their affiliate, Xspedius Corp.,⁴ currently is authorized to provide telecommunications services in Alabama, Louisiana, Mississippi, North Carolina, and Tennessee.

B. The e.spire Operating Entities

The e.spire Operating Entities are subsidiaries of e.spire Communications, Inc. ("e.spire"). ACSI Local Switched Services, Inc., d/b/a e.spire, American Communication Services of Lexington, Inc., d/b/a e.spire, and American Communication Services of Louisville, Inc., d/b/a e.spire, are Delaware corporations headquartered at Monument One, 12975 Worldgate Drive, Herndon, VA 20170. e.spire is an integrated telecommunications provider that, through its operating subsidiaries, offers traditional local and long distance service, dedicated Internet

Tampa, Inc.; American Communication Services of Tulsa, Inc.; American Communication Services of Virginia, Inc.; American Communication Services International, Inc.; ACSI Local Switched Services of Virginia, Inc., Cybergate, Inc., and FloridaNet, Inc.

⁴ Xspedius Corp. is an integrated communications provider authorized to provide local, long distance, and integrated services in five states. Xspedius Corp., for the time-being, will continue as a separate entity, wholly owned by Xspedius Management Co., LLC.

access, and advanced data solutions, including ATM and frame relay. e.spire's operating subsidiaries currently are authorized to provide facilities-based and resold competitive local exchange, competitive access, and intrastate interexchange telecommunications services throughout the United States. In Kentucky, the e.spire Operating Entities are authorized to provide intrastate special access and private line, as well as facilities-based local and interexchange telecommunications services.⁵

II. BACKGROUND TO THE TRANSACTION

After their inception in 1994, e.spire and its operating subsidiaries, including the e.spire Operating Entities (collectively, the "e.spire Companies") grew quickly and enjoyed early success. The sudden collapse of the capital markets for technology companies, however, unexpectedly denied the e.spire Companies continued access to the capital necessary for the continued operation and expansion of their business. As a result, on March 22, 2001, the e.spire Companies filed a voluntary petition for Chapter 11 bankruptcy protection with the United States Bankruptcy Court for the District of Delaware. Although the bankruptcy filing temporarily relieved the e.spire Companies from their debt payment obligations, the e.spire Companies were unable to raise sufficient funding while in Chapter 11 to emerge from bankruptcy status. The e.spire Companies instead chose to auction their assets. The auction took place between May 20 and May 22, 2002. After the auction, the e.spire Companies and Xspedius agreed that Xspedius and its operating subsidiaries, including the Xspedius Operating Entities (collectively, the "Xspedius Companies"), would acquire substantially all of the e.spire Companies' telecommunications assets and existing customer base.⁶

After a final hearing on May 29, 2002, the Bankruptcy Court approved the Transaction, which provides for, *inter alia*: (i) the sale of certain assets of the e.spire Companies, including those of the e.spire Operating Entities, to the Xspedius Companies, including the Xspedius Operating Entities, as set forth in the Asset Contribution Agreement; (ii) the continued provision of telecommunications services to current customers of the e.spire Companies, including the e.spire Operating Entities, pending the necessary regulatory approvals, as set forth in the Management Agreement; and (iii) the transfer of the e.spire Companies' assets and customer base to the Xspedius Companies at such time as the necessary regulatory approvals are finally obtained.

To ensure the continuity of telecommunications service to the e.spire Operating Entities' current customers, the Management Agreement requires that the Xspedius Companies

⁵ See Case Nos. 94-268, 95-361.

⁶ The terms of the asset purchase agreement calls for the e.spire Companies to convey to Xspedius and its operating subsidiaries substantially all of the assets and properties of the e.spire Companies in all markets except New York and Philadelphia, together with certain specified obligations and liabilities. Once the entire transaction is consummated, Xspedius and its operating subsidiaries will possess substantially all of e.spire's assets, including but not limited to, telecommunications facilities, customer contracts, and state authorizations (to the extent permitted by applicable state law).

Mr. Thomas M. Dorman, Executive Director
Kentucky Public Service Commission
Page Five

provide management services to the e.spire Companies, and fund the e.spire Companies' continued operations, pending the necessary regulatory approvals. At such time as the necessary federal and state regulatory approvals are obtained, the e.spire Operating Entities' assets and customer base will be transferred to the Xspedius Companies, including the Xspedius Operating Entities, except to the extent that the e.spire Operating Entities' current customers have chosen to designate a different carrier.

III. TRANSFER OF E.SPIRE'S CUSTOMERS

Following completion of the Transaction, the Xspedius Operating Entities will provide the same local, long distance, and dedicated telecommunications services to the former customers of the e.spire Operating Entities' in the State of Kentucky. To ensure a seamless transition and avoid customer confusion or inconvenience, the Parties provided a written notification to the affected customers of the e.spire Operating Entities in Kentucky on June 7, 2002, at least thirty (30) days prior to the transfer of such customers to the Xspedius Operating Entities. The notification letter provided to the affected customers of the e.spire Operating Entities described the change in service provider, in accordance with the applicable rules of the Federal Communications Commission and the applicable requirements of the Commission for changing a customer's presubscribed carrier. A copy of that notification letter is attached hereto and incorporated herein by reference as *Exhibit A*.

The Xspedius Operating Entities will continue to provide the current customers of the e.spire Operating Entities the same telecommunications services, at the same rates, and pursuant to the same terms and conditions. The current customers of the e.spire Operating will not experience any change in their rates and service arrangements as a result of the Transaction, and therefore, the Transaction will be virtually transparent to the e.spire Operating Entities' Kentucky customers with regard to the rates, terms, and conditions of telecommunications service.

IV. DISCONTINUANCE OF SERVICE

As noted above, upon completion of the Transaction, the e.spire Operating Entities will no longer provide telecommunications services in the State of Kentucky. Accordingly, ACSI Local, ACSI of Lexington, and ACSI Louisville respectfully notify the Commission of their intent to discontinue service upon completing the transfer of their customers to Xspedius Switched, Xspedius of Lexington, and Xspedius of Louisville. The e.spire Operating Entities respectfully request cancellation of their current telecommunications authorizations and tariffs, effective upon the transfer of their current customers to the Xspedius Operating Entities.

The Parties have complied (or are complying) with the Commission's rules governing the discontinuance of telecommunications service and transfer of customers. Moreover, as noted above, the Parties provided a written customer notification of the discontinuance of service by the e.spire Operating Entities and the transfer of the e.spire

Operating Entities' current customers on June 7, 2002.⁷ A copy of the notification letter, which provides the affected customers of the e.spire Operating Entities at least thirty (30) days to select a different carrier of their choice, is attached hereto and incorporated herein by reference as *Exhibit A*.

V. PUBLIC INTEREST CONSIDERATIONS AND REQUEST FOR EXPEDITED PROCESSING

The Parties respectfully submit that the Transaction serves the public interest. Specifically, the Parties submit that: (1) the Transaction will eliminate the threat of disruption of service to the current customers of the e.spire Operating Companies who could lose service due to the bankruptcy; and (2) the Transaction will increase competition in the Kentucky telecommunications market by strengthening the position of the Xspedius Operating Entities' as an effective and multifaceted telecommunications carrier. Given the difficult times faced by the competitive telecommunications industry, it is all the more important to preserve existing competitive facilities-based options and robust local competition, with its attendant benefits of lower prices, higher quality service, and innovative services.

As discussed above, the e.spire Operating Entities currently are operating in Chapter 11 but may soon be forced to convert to Chapter 7. If the e.spire Operating Entities were forced to convert, they could shut down operations, and the customers not already migrated to the Xspedius Operating Companies could lose service. The e.spire Operating Entities will have endeavored, and will continue to endeavor, to avoid this result. As the Commission is acutely aware, the e.spire Operating Entities are not alone in suffering recent financial hardship, which has plagued virtually the entire competitive carrier community. Recent bankruptcy filings by carriers, such as Teligent, Winstar, ICG, Covad, NorthPoint, Network Plus, and Net2000, coupled with numerous service discontinuance notifications/applications by countless other carriers, along with a general reduction in consumption of telecommunications services caused by unfavorable economic conditions, have eliminated a large number of new entrant competitors in the telecommunications market. Other new entrants have reported that negative economic factors have caused them to scale back the scope of their operations or cease offering new service entirely. In view of this, the Transaction will serve the public interest by enabling the Xspedius Companies to expand their operations in a cost-effective manner, thereby enhancing their competitive position and ability to provide high-quality services at more competitive rates to Kentucky consumers. The Xspedius Operating Entities represent a second generation of competitive local carriers in that they do not start the business with the significant debt load with which many new telecommunications entrants were burdened. By permitting the Xspedius Companies to strengthen their competitive position and to accelerate their entry into additional markets, the Transaction will preserve the existing customer base that has already chosen a

⁷ Pursuant to the notice, e.spire will discontinue service on July 8, 2002, soon thereafter as the necessary governmental approvals can be obtained.

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Kentucky Public Service Commission
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competitive provider, while creating more robust competition for telecommunications customers in the United States, including customers in the State of Kentucky.

The Parties emphasize that, following completion of the Transaction, the former customers of the e.spire Operating Entities will continue to receive services from experienced and qualified carriers, which will be consistent with the quality of services currently provided by the e.spire Operating Entities. Further, these customers have been, and will continue to be, sufficiently notified of the Transaction and their rights. Hence, the public interest will be served by permitting the Xspedius Operating Entities to take over the e.spire Operating Entities' customers.

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Kentucky Public Service Commission
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In sum, the Transaction will serve the public interest by eliminating the threat of service interruption to existing customers of the e.spire Operating Entities and by furthering competition in the Kentucky telecommunications market as a result of the strengthened competitive position of Xspedius. The Parties desire to complete the proposed transaction as quickly as possible to avoid any interruption of service or inconvenience to e.spire's customers.

It is the Parties' understanding that no formal approval of the Transaction is required, and this information is therefore, being submitted solely to keep the Commission advised and its records current. Please find enclosed ten (10) copies of this letter, a duplicate and a self-addressed, stamped envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should you have any questions regarding this filing or believe that further action is required, please do not hesitate to contact Brett Heather Freedson at (202) 887-1211.

Respectfully submitted,



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Xspedius Management Co. of Louisville, LLC

Enclosures

EXHIBIT A

CUSTOMER NOTIFICATION LETTER



**AN IMPORTANT NOTICE REGARDING YOUR
TELECOMMUNICATIONS SERVICE FROM E.SPIRE AND XSPEDIUS**

June 7, 2002

Dear Valued Customer:

We want to thank you for your continued support of e.spire. We have provided you a quality telecommunications service and, together, we have built an excellent business relationship.

We are very excited to inform you that e.spire Communications, Inc. ("e.spire"), including its affiliates American Communications Services International, Inc. and various operating entities, is transferring virtually all of its local, long distance, international, data and Internet assets and services in the states of Alabama, Arizona, Arkansas, Colorado, District of Columbia, Florida, Georgia, Kansas, Kentucky, Louisiana, Maryland, Missouri, New Mexico, Nevada, Oklahoma, South Carolina, Tennessee, Texas and Virginia to Xspedius Management Co., LLC and its various operating entities ("Xspedius"). The anticipated date for the transfer of your service to Xspedius is **July 8, 2002**, or as soon thereafter as the necessary governmental approvals can be obtained. Upon completion of the transfer, Xspedius will provide your telecommunications and other services and e.spire will no longer be your local, long distance, international, data or Internet service provider.¹ As a customer of Xspedius, you will continue to receive all the features, terms and conditions of service, and current rates that you enjoy today through e.spire. Should there be any future changes in rates, terms and conditions of services, notice will be provided in writing or as otherwise permitted by law.

The combination of e.spire with Xspedius is a very positive change for you, our customer. Xspedius Management Company brings a seasoned management team and significant funding to the business. Xspedius has a fully funded business plan, with \$75 million in fresh capital and a virtually debt free balance sheet. The company will be led by Chairman Jim Allen

¹ *The FCC will normally authorize e.spire's proposed discontinuance of service unless it is shown that customers would be unable to receive service or that the public convenience and necessity is otherwise adversely affected. If you wish to object, you should file your comments within 15 days after receipt of this notification. Address them to the Federal Communications Commission, Washington, DC 20554 referencing the §63.71 Application of e.spire Communications, Inc. Comments should include specific information about the impact of the proposed discontinuance upon you or your company, including any inability to acquire reasonable substitute service.*

and CEO Mark Senda, founders of Brooks Fiber and industry veterans of more than 20 years each. Xspedius management's combination of experience, financing, and vision will allow us to provide excellent service to customers and ensure financial stability.

It has been the pleasure of e.spire to provide you with quality telecommunications services. Unless you choose another carrier within thirty (30) days of the date of this letter, as is your right, you will automatically become an Xspedius customer upon completion of this transaction. You do not need to take any action, or pay any change charges, to be transferred to Xspedius. Of course, if you change providers, the terms and conditions of your e.spire contract will still apply, including any applicable termination liability or change charges.

If you have placed a "freeze" on e.spire's long distance services to prevent their unauthorized transfer to another carrier, the freeze will be lifted when your e.spire services are transferred. At your request, Xspedius would be glad to re-establish freeze protection for you after the transfer of your account to Xspedius.

e.spire has been and remains committed to providing excellent service to you. e.spire will continue to be your single point of contact to address any issues or complaints you may have with your service through the time of this transfer. Xspedius is committed to a smooth transition of your account – your current telephone number(s) and account will be migrated to Xspedius in a seamless manner. The only change you may notice is the name of your new service provider on your bill once the transition is complete.

Thank you for your cooperation and patience during this transition. We will continue to communicate with you as we make progress toward combining our companies into Xspedius. If you have any questions or concerns, please feel free to contact us at **Xspedius** at **1-877-XMC(962)-1900** or contact **e.spire** at **1-800-9-espire (937-7473)**. Xspedius looks forward to building a long term telecommunications relationship with you.

Randall P. Muench
Executive Vice President Sales & Marketing
e.spire Communications, Inc.

Mark W. Senda
Chief Executive Officer
Xspedius Management Co., LLC