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A Limited Liability Partnership Including Professional Corporations

NEW APPLICATION

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AZ CORP COMMISSION
DOCUMENT CONTROL

July 18, 2002

Via Federal Express

T-03421A-02-0549

Mr. Brian C. McNeil
Executive Secretary
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

**Re: Notice of Transfer of Resale Interexchange Customer Base
from North American Communications Control, Inc. to
A.R.C. Networks, Inc. d/b/a InfoHighway**

Dear Mr. McNeil:

Transmitted herewith on behalf of North American Communications Control, Inc. ("NACC") and A.R.C. Networks, Inc. d/b/a InfoHighway ("InfoHighway") are an original and ten (10) copies of the parties' joint Notice of Transfer of Resale Interexchange Customer Base.

It is our understanding that this transaction does not require Commission approval. If we do not hear from the Commission within 30 days of this filing, we will assume that no further action is required.

Please date-stamp the receipt copy of this filing and return it in the enclosed self-addressed, stamped envelope. Please direct all questions and correspondence regarding this filing to the undersigned.

Sincerely,

Susan M. Hafeli

Enclosures

Susan M. Hafeli
(202) 454-7034
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July 18, 2002

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Mr. Brian C. McNeil
Executive Secretary
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1200 West Washington Street
Phoenix, AZ 85007

**Re: Notice of Transfer of Resale Interexchange Customer Base
from North American Communications Control, Inc. to
A.R.C. Networks, Inc. d/b/a InfoHighway**

Dear Mr. McNeil:

A.R.C. Networks, Inc. d/b/a InfoHighway (“InfoHighway”) and North American Communications Control, Inc. (“NACC”), by their undersigned attorneys, hereby notify the Arizona Corporation Commission (the “Commission”) of InfoHighway’s acquisition of NACC’s resale interexchange customer base and accounts receivable (the “Assets”), as described more fully below.

It is our understanding that this transaction does not require Commission approval. If we do not hear from the Commission within 30 days of this filing, we will assume that no further action by the parties is required.

I. The Parties

A.R.C. Networks, Inc. d/b/a InfoHighway (“InfoHighway”) is a corporation organized under the laws of New York. InfoHighway’s business office location is 1333 Broadway, Suite 1001, New York, NY 10018 and its principal office location is 175 Pinelawn Road, Melville, NY 11747. InfoHighway provides resold and facilities-based telecommunications services on both a national and an international basis. InfoHighway has applied for authority from the Commission and provides resold interexchange service in the state pursuant to interim authority. See Docket No. T-03421A-97-0448.

North American Communications Control, Inc. (“NACC”) is a corporation organized under the laws of New York. NACC, which provides telecommunications services in

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approximately 20 states, is in the process of moving its offices from 789 Park Avenue, Huntington, NY 11743 to 175 Pinelawn Road, Melville, NY 11747. NACC is authorized to provide resold interexchange services in Arizona. See Docket No. T-03380A.

II. Designated Contacts

The designated contacts for questions concerning this filing are:

Glenn S. Richards, Esq.
Susan M. Hafeli, Esq.
Shaw Pittman LLP
2300 N Street, N.W.
Washington, D.C. 20037
Telephone: (202) 663-8215
Facsimile: (202) 663-8007

The designated contact for the continuing operations of InfoHighway is:

Joseph Gregori, Chief Executive Officer
A.R.C. Networks, Inc. d/b/a InfoHighway
175 Pinelawn Road
Melville, NY 11747
Telephone: (631) 249-1616
Facsimile: (631) 249-1802

The designated contact for the continuing operations of NACC is:

James Milana, President
North American Communications Control, Inc.
175 Pinelawn Road
Melville, NY 11747
Telephone: (631) 249-1616
Facsimile: (631) 249-1802

III. Description of the Transaction

The parties have agreed to a multi-step transaction for the purposes of transferring NACC's customer base and accounts receivable (the "Assets") to InfoHighway on August 31, 2002, subject to receipt of requisite regulatory approvals, or as soon thereafter as possible.

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For the purposes of effectuating the transfer, the parties have executed an Asset Purchase Agreement (the "Agreement"), effective May 31, 2002. Pursuant to this Agreement, NACC will transfer the Assets to a subsidiary of InfoHighway, NACC Acquisition Management, Inc. ("NACC-AM"), in exchange for cash and preferred stock in InfoHighway's ultimate parent, InfoHighway Communications Corporation ("ICC"). The parties' Agreement provides that, until consummation of the transaction, InfoHighway will manage and operate the Assets on an interim basis, subject to NACC's ultimate control. InfoHighway and NACC have entered into a separate Management Agreement, effective May 31, 2002 that memorializes this aspect of the Agreement.

The transfer will be consummated upon receipt of all requisite regulatory filings and approvals. Upon NACC's sale and NACC-AM's acquisition of the Assets, ICC, as ultimate parent, will take the necessary actions to merge NACC-AM into InfoHighway. As a result, InfoHighway will be the entity providing telecommunications services to current NACC customers.

IV. Customer Notification

The parties have taken steps to ensure that NACC customers will enjoy a seamless transition to InfoHighway, which has an outstanding record of providing high-quality telecommunications services. InfoHighway, however, will ensure that any customer who elects not to make the change from NACC to InfoHighway can transfer to another carrier without any interruption of service.

NACC customers have been notified of the impending transfer to InfoHighway. On June 28, 2002, NACC and InfoHighway sent NACC customers a joint notice, a copy of which is attached hereto. The joint notice informs NACC customers that the parties have agreed to a transfer on or about August 31, 2002. Customers are further informed that InfoHighway intends to continue providing service to NACC customers at the rates, terms, and conditions applicable to the customers' current arrangements. At such time as InfoHighway proposes to revise the services and rates to conform to its own service offerings, InfoHighway will provide written notification to the affected customers. The joint notice also informs customers of their right to select another carrier and provides a toll-free customer service telephone number for the purpose of responding to customers' questions.

Under federal law, InfoHighway's issuance of this customer notice, in conjunction with a self-certification, allows it to acquire NACC's customer base without obtaining each subscriber's individual authorization and verification. Under rules adopted by the Federal Communications Commission ("FCC"), a telecommunications carrier may acquire, through a sale or transfer, either part or all of another telecommunications carrier's subscriber base without obtaining each subscriber's individual authorization and verification, so long as the acquiring carrier complies

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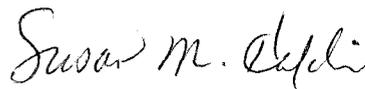
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with the streamlined, self-certification procedures set forth in 47 C.F.R. § 64.1120(e). InfoHighway has filed with the FCC the self-certification described in 47 C.F.R. § 64.1120(e)(1) and attached thereto the customer notice that complies with the requirements set forth in 47 C.F.R. § 64.1120(e)(3). As a result, under federal law the customer transfer from NACC to InfoHighway will not constitute an unauthorized change of service provider ("slamming").

Please direct all questions and correspondence regarding this filing to the undersigned.

Respectfully submitted,

**A.R.C. Networks, Inc. d/b/a InfoHighway
North American Communications Control, Inc.**



Glenn S. Richards, Esq.
Susan M. Hafeli, Esq.
Shaw Pittman LLP
2300 N Street, N.W.
Washington, D.C. 20037

Attachment



NOTICE OF TRANSFER OF TELEPHONE SERVICE

Welcome Valued Customer:

A.R.C. Networks, Inc. d/b/a InfoHighway ("InfoHighway") and North American Communications Control, Inc. ("NACC") are pleased to announce that InfoHighway will become your new telephone service provider on or about August 31, 2002. InfoHighway has provided telecommunications services to small and medium-sized business, residential customers and governmental agencies in over 20 states since 1996. NACC recommends InfoHighway Communications to be your new telephone service provider.

What happens during the transition process?

The information below should address any questions you may have regarding the transition process:

- NACC and InfoHighway will take all necessary steps to ensure that your telephone service is transitioned without any service interruption, any charge or any inconvenience to you. It is anticipated that you will not experience any changes to your existing service. Although InfoHighway does not assume responsibility for any pending or future complaints you may have regarding past service provided by NACC, InfoHighway will assume responsibility for any carrier change charge that may be incurred as a result of this transfer.
- On or about August 31, 2002, NACC will transfer your telephone service to InfoHighway and will no longer provide local or long distance telephone service. Consequently, if you do not wish to receive service from InfoHighway, we ask that you select another telephone service provider by July 23, 2002. Your selection of an alternate telephone service provider requires that you contact that service provider directly, on or before July 23, 2002, to ensure that your service is properly transferred. If you select an alternate provider after July 23, 2002, there may be a delay in the implementation of your new service provider request until after August 31, 2002. In addition, you may incur connection and /or presubscription fees because of your selection of an alternate provider. **If you take no action your telecommunications service will be automatically transferred to InfoHighway on or about August 31, 2002.**
- The rates, terms and conditions for your service will remain the same and you will continue to be billed monthly for your service. Please use the remittance advice, included in your bill, whenever possible to ensure payments are sent to the proper address. Should there be changes in rate, terms or conditions in the future, InfoHighway will notify you in the manner required by regulatory agencies.

- During the transfer, existing "preferred carrier" freezes on services currently provided by NACC will be lifted. If you have a "preferred carrier" freeze on your account and would like to keep that protection after the transfer, please contact our Customer Service organization at Toll Free 800-551-1013. Customer Service will be available to assist you with the reactivation of your "preferred carrier" freeze after August 31, 2002.

InfoHighway extends a warm welcome to all NACC customers and is pleased to inform you that several key NACC employees will be joining the InfoHighway team to ensure your continued customer satisfaction. Our mutual goal is to continue to deliver a wide array of high-quality, affordable products and services that will help your business gain and maintain a competitive edge in your marketplace. We realize you have a choice of telecommunications providers, and we sincerely appreciate your continued patronage.

Please call InfoHighway's Customer Service number, 1-800-551-1013, if you have any questions or concerns regarding this change in your telephone service provider.

Sincerely yours,



North American Communications Control, Inc.



InfoHighway