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August 4, 2006

Via FedEx Overnight Express Mail

Arizona Corporation Commission
Docket Control – Utilities Division
Attention: Ernest G. Johnson
1200 West Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED
AUG -7 2006

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AZ CORP COMMISSION
DOCUMENT CONTROL

2006 AUG -7 P 3:44

RECEIVED

RE: In the Matter of the Merger of Mountain Telecommunications, Inc. and Eschelon Telecom, Inc. for waiver of Rule 14-2-803 of the public utility holding companies and affiliated interests rules and joint notice of intent to transfer control.
Docket No. T-03432A-06-0451

Dear Sir/Madam:

Enclosed are the original and 13 copies of the attachment referred to in the letter addressed to Ernest G. Johnson filed August 2, 2006. This attachment was inadvertently omitted from the original filing.

Sincerely,

Kim K. Wagner
Senior Legal Secretary
Eschelon Telecom, Inc.
(612) 436-6225 (direct)
(612) 436-6816 (fax)

Enclosures

cc: Maureen Scott, Arizona Corporation Commission
Armando Fimbres, Arizona Corporation Commission

ORIGINAL



July 6, 2006

Via Overnight Delivery

Marlene H. Dortch, Secretary
Federal Communications Commission
Wireline Competition Bureau
c/o Mellon Bank
CPD - 214 Appls.
P.O. Box 358145
Pittsburgh, PA 15251-5150

Arizona Corporation Commission
DOCKETED
AUG -7 2006

DOCKETED BY	nr
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RE: Joint International and Domestic Application for Streamlined Consent to Transfer Control - Transfer of Mountain Telecommunications, Inc. to Eschelon Telecom, Inc.

Dear Ms. Dortch:

On behalf of Mountain Telecommunications, Inc. and Eschelon Telecom, Inc., enclosed herewith are an original and six (6) copies of the Joint International and Domestic Application for Consent to Transfer Control of Mountain Telecommunications, Inc. to Eschelon Telecom.

Also enclosed is our Fee Remittance Form 159 in satisfaction of the filing fee requirement for this Application under line 2.b. of Section 1.1105 of the Commission's Rules.

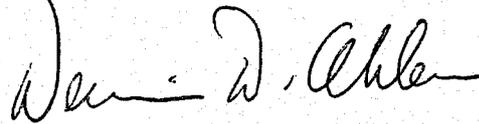
The Joint International and Domestic Application has been filed this date electronically via IBFS (Submission ID No. IB2006001728) with the \$895.00 filing fee also completed electronically.

Please date stamp and return the additional copy of this filing in the enclosed self-addressed, stamped envelope.

Marlene H. Dortch, Secretary
Federal Communications Commission
Wireline Competition Bureau
July 6, 2006
Page 2

Should there be any questions regarding this filing, kindly contact the undersigned.

Respectfully submitted,



Dennis D. Ahlers
Assistant Secretary
Eschelon Telecom, Inc.
612.436.6249 (direct)
612.436.6349 (fax)
ddahlers@eschelon.com

Enclosures

cc: Wireline Competition Bureau
Mike Hazel, Mountain Telecommunications, Inc.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
MOUNTAIN TELECOMMUNICATIONS, INC.))	File No. ITC-T/C-2006 _____
Transferor,)	
)	
ESCHELON TELECOM, INC.))	
Transferee,)	WC Docket No. 06- _____
)	
Joint Application for Consent to a Transfer)	
Pursuant to Section 214 of the Communications)	
Act of 1934, as Amended)	
)	

**JOINT INTERNATIONAL AND DOMESTIC APPLICATION
FOR STREAMLINED CONSENT TO TRANSFER CONTROL**

Pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"),¹ and Sections 63.04 and 63.24 of the Commission's rules,² this Joint Application seeks the consent of the Federal Communications Commission for the proposed transfer of ultimate control of Mountain Telecommunications, Inc., (MTI) a Delaware corporation, and parent company of Mountain Telecommunications of Arizona (MTA)³, to Eschelon Telecom, Inc. (ETI). ETI and MTI are non-dominant carriers authorized by the Commission to provide

¹ 47 U.S.C. § 214.

² 47 C.F.R. §§ 63.04(b), 63.24(e).

³ References herein to MTI include MTA.

international⁴ and domestic telecommunications services. A Domestic Supplement, containing the information required by 47 C.F.R. § 63.04, is attached hereto as Exhibit A.

Applicants seek streamlined processing of this Joint International and Domestic Application pursuant to Sections 63.03 and 63.12 of the Commission's Rules.⁵ This Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) of the Commission's Rules, 47 C.F.R. § 63.03(b)(2)(i), because (a) after the proposed transaction, ETI and its affiliates combined; 1) will have less than 10 percent market share in the interstate, interexchange market, and 2) will provide competitive services exclusively in areas served by dominant local carriers that are not parties to the transaction, and (3) none of the Applicants are currently dominant with respect to any domestic service, and will not become dominant with respect to any domestic service after consummation of the proposed transaction. This Application also qualifies for streamlined treatment under Section 63.12 because (a) none of the Applicants is affiliated with a dominant foreign carrier and (b) none of the Applicants will become affiliated with any foreign carrier as a result of the proposed transaction, and (c) none of the other provisions contained in Section 63.12(c) of the Commission's Rules, 47 C.F.R. § 63.12, apply.

In support of this Application, Applicants submit the following information:

⁴ ETI provides international telecommunications services pursuant to International Section 214 authorization granted by the Commission in File No. ITC-214-19990729-00490 on August 27, 1999. MTI provides international telecommunications services pursuant to International Section 214 authorization granted by the Commission in File No. ITC-214-19980126-00036 on March 13, 1998. ETI and MTI are referred to collectively as the "Applicants."

⁵ 47 C.F.R. §§ 63.03 and 63.12.

I. APPLICANTS

(a) Mountain Telecommunications, Inc. (FRN 0004351391)

Mountain Telecommunications, Inc. is a privately owned corporation organized under the laws of the state of Delaware. MTI is located at 1430 W. Broadway, Suite 206, Tempe, Arizona, 85282. MTI is the parent corporation of Mountain Telecommunications of Arizona, a direct wholly-owned subsidiary of MTI, which is authorized to provide telecommunications services in the state of Arizona, where, it provides resold local and long distance voice, and data transmission services to small and medium-sized businesses.

MTI holds Section 214 authorizations from the Federal Communications Commission to provide domestic and international resold telecommunications services.⁶ MTI is considered a non-dominant carrier under the Commission's Rules. The company has no affiliation, within the meaning of Section 63.09(e) of the Commission's Rules, 47 C.F.R. § 63.09(e), with a dominant U.S. or foreign facilities-based carrier.

(b) ESCHELON TELECOM, INC. (FRN #0010289114)

Eschelon Telecom, Inc. (ETI) is a corporation organized under the laws of the state of Delaware. ETI's principal place of business is located at 730 2nd Avenue South, Suite 900, Minneapolis, Minnesota 55402. Mountain Acquisition Corp., a Delaware corporation, 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 ETI, the ultimate parent corporation. ETI is authorized to provide telecommunications services in California, Idaho, New Mexico and New York; however, ETI

⁶ See Footnote 3, *supra*.

only provides service, specifically long distance resale service, to one business customer in New York. OPCO has several direct, wholly owned subsidiaries that offer telecommunications services in various states.⁷ In these states, the subsidiaries provide resold and facilities-based local, resold long distance, and data transmission services to small and medium sized-businesses. ETI and its subsidiaries, collectively "Eschelon," are headquartered at the above address, provide voice, data transmission services, and business telephone systems to over 55,000 customers, and have over 428,000 access lines in service.⁸ Eschelon owns switches in all states where it offers local services. The average Eschelon customer has 5 to 8 lines. Eschelon provides local and long distance facilities-based service in 19 markets in 8 states. There are no other affiliates of ETI that offer domestic telecommunications services.

As a part of the proposed transaction, a newly created subsidiary of OPCO, Mountain Acquisition Corp., will be merged with and into MTI. As a result of the merger, the separate corporate existence of Mountain Acquisition Corp. shall cease and MTI will continue as the surviving corporation of the merger as a wholly-owned subsidiary of Eschelon Operating Company (OPCO), which is a wholly-owned subsidiary of ETI. Thus, ETI will be the ultimate parent company for MTI after consummation of the transactions contemplated by the Agreement.

As permitted by Section 63.21 of the Commission's Rules, 47 C.F.R. § 63.21, ETI's subsidiaries currently provide resold international switched telecommunications services pursuant to the parent company, ETI's, international Section 214 authorization.⁹

⁷ Advanced TelCom, Inc., Eschelon Telecom of Arizona, Inc., Eschelon Telecom of Colorado, Inc., Eschelon Telecom of Minnesota, Inc., Eschelon Telecom of Nevada, Inc., Eschelon Telecom of Oregon, Inc., Eschelon Telecom of Utah, Inc., Eschelon Telecom of Washington, Inc. and Oregon Telecom, Inc.

⁸ Eschelon defines "access lines" as 64bps channels.

⁹ See Footnote 3, supra.

II. DESCRIPTION OF THE TRANSACTION

On June 30, 2006, ETI and MTI entered into an Agreement and Plan of Merger ("Agreement") providing for the merger of MTI and Mountain Acquisition Corp., a Delaware corporation and a direct wholly-owned subsidiary of OPCO. Pursuant to the terms of the Agreement, Mountain Acquisition Corp. will be merged into MTI, with MTI to be the surviving corporation of the merger ("the Transaction"). As a result of the merger, the separate corporate existence of Mountain Acquisition Corp. will cease and MTI shall continue as the surviving corporation of the merger as a wholly-owned subsidiary of OPCO. Thus, following the completion of the Transaction, MTI will be wholly owned by OPCO, which will continue to be wholly owned by ETI. Closing of the Transaction is contingent upon, among other things, receipt of necessary regulatory approvals from the Commission and other governmental approvals.

Applicants emphasize that the proposed Transaction will be entirely transparent to customers of MTI. Because of the nature of this merger, the transfer of control will not result in a change of carrier for any MTI customers. Immediately after consummating the transaction, MTI, through MTA, will continue to provide the identical end user telecommunications services and other services at the rates and pursuant to the terms and conditions of service these customers currently receive from MTI. Any future changes in the rates, terms and conditions of service will be made consistent with applicable law. Further, MTI will continue to provide services under the MTI name. The Transaction is not expected to result in any discontinuance of service for the MTI customers. In sum, the consummation of the Transaction will result in no perceivable changes to MTI's customers at that time.

III. PUBLIC INTEREST

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

The Applicants expect that the Transaction will increase competition in the telecommunications market by strengthening ETI's position as an effective and multifaceted telecommunications carrier. The Transaction will allow ETI to combine its financial, technical and market resources and expertise with that of MTI, thereby enhancing its ability to provide reliable, competitively-priced services to customers. By permitting ETI to strengthen its competitive position, the proposed Transaction will make ETI a more financially secure competitive alternative to the incumbents and promote ETI's ability to enter additional markets, thus expanding competitive choices for customers.

MTI focuses on delivering reliable, high-quality voice and data transmission services to the medium and large business markets. Customers currently served by MTI fall squarely within ETI's market niche and therefore make an ideal fit with ETI's long-term expansion goals. Consummation of the proposed Transaction will make available to MTI customers ETI's innovative and proprietary operations support systems, which provide leading edge electronic bonding, provisioning, customer care and billing system capabilities. ETI 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 ETI supports its products and services with dedicated and skilled account teams. MTI customers can expect the same dedicated attention if the proposed Transaction is consummated.

The transfer of control of MTI to ETI does not result in any anti-competitive effects. MTI and ETI together will achieve economies of scale and scope, which will enhance ETI's ability to deploy new products and services and expand into new markets. Although MTI and ETI both provide services in Arizona, the combined market share post-closing will not exceed 10 percent of the interstate, interexchange market. In all instances where MTI and ETI 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, other competitive carriers such as Time Warner Telecom, XO Communications, Integra and a plethora of others are active participants in this market. Accordingly, the transfer of control of MTI to ETI will increase, not degrade, the competitiveness of these markets.

For each of the foregoing reasons, grant of the proposed transaction is in the public interest.

IV. INFORMATION REQUIRED BY SECTION 63.24(e) OF THE RULES

As required by Section 63.24(e) (2) of the Commission's Rules, Applicant submits the following information:

- (a) **Names, addresses and telephone numbers of Applicants:**

Transferee

Eschelon Telecom, Inc.,
730 2nd Avenue South, Suite 900
Minneapolis, MN 55402
Telephone: (612) 376-4400

Transferor

Mountain Telecommunications, Inc.
1430 W. Broadway, Suite 206
Tempe, AZ 85282
Telephone: (480) 850-7585

(b) The Government, State, or Territory under the laws of which each of the Applicants is organized:

<u>Applicant</u>	<u>State of Organization</u>
Eschelon Telecom, Inc.,	Delaware
Mountain Telecommunications, Inc.	Delaware

(c) Correspondence concerning this Application should be addressed to:

Dennis D. Ahlers
Eschelon Telecom, Inc.
730 2nd Avenue South, Suite 900
Minneapolis, MN 55402
Telephone: (612) 436-6249
Facsimile: (612) 436-6349
E-mail: ddahlers@eschelon.com

Mountain Telecommunications, Inc.
Scott K. Weiss
Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, AZ 85016
(602) 445-8318
(602) 445-8632 fax
weissk@gtlaw.com

With a copy to:

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

(d) **Statement as to previous Section 214 authorization:**

ETI received its international authorization to provide resale telecommunications services on August 27, 1999 in ITC-214-19990729-00490, then known as Advanced Telecommunications, Inc. On May 2, 2000, the Commission received a letter notice advising it of a change in name from Advanced Telecommunications, Inc. to Eschelon Telecom, Inc. ETI's subsidiaries provide interstate and international service pursuant to their parent's Section 214 authorization. MTI received its international authorization to provide resale services on March 13, 1998 in File No. ITC-214-19980126-00036.

(e) Not applicable.

(f) Not applicable.

(g) Not applicable.

(h) **The name, address, citizenship and principal businesses of any person or entity that directly or indirectly owns at least ten percent of the equity of the Applicant, and the percentage of equity owned by each of the entities:**

Upon consummation of the Transaction, MTI will become a wholly-owned subsidiary of OPCO, which in turn is the wholly-owned subsidiary of ETI. Thus, ETI will be the new ultimate parent corporation and indirectly own 100% of the equity interest in MTI. ETI is a Delaware corporation with its principal offices located at 730 2nd Avenue South, Suite 900, Minneapolis, Minnesota 55402. OPCO is a Minnesota Corporation, also located at 730 2nd Avenue South, Suite 900, Minneapolis, Minnesota 55402 and functions as a holding company. ETI provides local and long distance telecommunications services in several states.

The following entity owns a ten percent or greater direct or indirect interest in OPCO:

Name: Eschelon Telecom, Inc. ("ETI")
Address: 730 2nd Avenue South, Suite 900
Minneapolis, Minnesota 55402
Citizenship: US - Delaware Corporation
Principal business: Provide of local and long distance telecommunications services
Percent of ownership: 100%

None of ETI's officers or directors sits on the boards of any foreign telecommunications carriers.

The following entities own a ten percent or greater direct or indirect interest in ETI:

(1) Name: Wind Point Partners IV, L.P. ("Wind Point Partners")
Address: One Towne Square, Suite 780
Southfield, MI 48076

Citizenship: US – Delaware LP
Principal business: Investments
Percent of ownership: 20.5%

No limited partner of Wind Point Partners holds a ten percent or greater ownership interest in ETI under the Commission's ownership attribution rules. The general partner of Wind Point Partners is:

Name: Wind Point Investors IV, L.P. ("Wind Point Investors")
Address: One Towne Square, Suite 780
Southfield, MI 48076
Citizenship: US – Delaware LP
Principal business: Investments

No limited partner of Wind Point Investors holds a ten percent or greater ownership interest in ETI under the Commission's ownership attribution rules. The general partner of Wind Point Investors is:

Name: Wind Point Advisors, LLC ("Wind Point Advisors")
Address: One Towne Square, Suite 780
Southfield, MI 48076
Citizenship: US – Delaware LLC
Principal business: Investments

There is no managing member of Wind Point Advisors and no member of Wind Point Advisors has a ten percent or greater ownership interest in ETI under the Commission's ownership attribution rules.

(2) Name: Bain Capital Fund VI, L.P. ("Bain Capital")
Address: 111 Huntington Avenue
Boston, MA 02199
Citizenship: US – Delaware LP
Principal business: Investments
Percent of ownership: 25.7%

No limited partner of Bain Capital holds a ten percent or greater ownership interest in ETI under the Commission's ownership attribution rules. The general partner of Bain Capital is:

Name: Bain Capital Partners VI, L.P. ("Bain Partners")
Address: 111 Huntington Avenue
Boston, MA 02199
Citizenship: US – Delaware LP
Principal business: Investments

No limited partner of Bain Partners holds a ten percent or greater ownership interest in ETI under the Commission's ownership attribution rules. The general partner of Bain Partners is:

Name: Bain Capital Investors, LLC ("Bain Investors")
Address: 111 Huntington Avenue
Boston, MA 02199
Citizenship: US - Delaware LLC
Principal business: Investments

Bain Investors has no economic interest in Bain Partners. There is no managing member of Bain Investors and no member of Bain Investors has a ten percent or greater ownership interest in ETI under the Commission's ownership attribution rules.

No other entity will hold a 10% or greater direct or indirect interest in ETI.

Following consummation of the proposed Transaction, there will be no interlocking directorates with any foreign carrier.

(i) Certification that ETI and MTI are not foreign carriers and is not affiliated with a foreign carrier:

As evidenced by the signatures to this Application, ETI certifies that following consummation of the proposed Transaction; ETI will not be a foreign carrier and will not be affiliated with any foreign carriers. As evidenced by the signatures to this Application, MTI certifies that following consummation of the proposed Transaction; MTI will not be a foreign carrier and will not be affiliated with any foreign carriers.

(j) Certification that ETI does not intend to provide international telecommunications services to a destination country for which any of Sections 63.18(j)(1)-(4) of the Commission's Rules, 47 C.F.R. § 63.18(j)(1)-(4) is true.

As evidenced by the signatures to this Application ETI certifies that it does not intend to provide international telecommunications services to any destination country for which any of the conditions stated in Sections 63.18(j)(1)-(4) of the Commission's Rules, 47 C.F.R. § 63.18(j)(1)-(4) are true.

(k) Not applicable (see response to item (j)).

(l) Not applicable (see response to item (j)).

(m) Not applicable. ETI qualifies for a presumption of non-dominance under Section 63.10(a) (1) as it is not a foreign carrier, nor is it affiliated with a foreign carrier. Following the transaction, ETI and MTI will continue to be presumptively classified as non-dominant carriers.

(n) **Certification that ETI has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future:**

As evidenced by the signatures to this Application, ETI certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

(o) **Certifications by Parties that no party to this Application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853(a):**

As evidenced by the signatures to this Application, Applicants certify, pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules (implementing the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 3301), that they are not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Act of 1988.

(p) **Streamlined Processing.**

Applicants request streamlined processing of this application pursuant to Section 63.12 of the Commission's Rules, 47 C.F.R. § 63.12. This Application is eligible for streamlined processing pursuant to Section 63.12 of the Commission's Rules because: (1) ETI, the transferee, is not affiliated with a foreign carrier; (2) ETI is not affiliated with a dominant U.S. carrier; and (3) ETI does not seek authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines, and none of the other scenarios outlined in Section 63.12(c) of the Commission's Rules apply. See 47 C.F.R. §§ 63.12(a)-(c).

V. **INFORMATION REQUIRED BY SECTION 63.04(b) OF THE COMMISSION'S RULES**

In accordance with the requirements of Section 63.04(b) of the Commission's Rules, the additional information required by this section for the domestic Section 214 transfer of control application is provided in Exhibit A.

VI. CONCLUSION

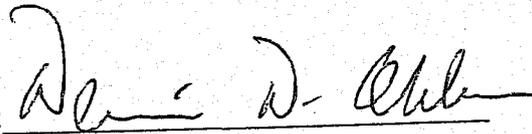
For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application.

Dated this 5th day of July, 2006.

Respectfully submitted,

ESCHELON TELECOM, INC.

MOUNTAIN TELECOMMUNICATIONS, INC.

By: 

Dennis D. Ahlers
Associate General Counsel
Eschelon Telecom, Inc.
730 2nd Avenue South, Suite 900
Minneapolis, MN 55402
Telephone: (612) 436-6249
Facsimile: (612) 436-6349
E-mail: ddahlers@eschelon.com

By: _____

Mike Hazel
Vice President
Mountain Telecommunications, Inc.
1430 W. Broadway Road, Suite A200
Tempe, AZ 85282
Telephone: (480) 850-7566
Facsimile: (480) 850-9599
E-mail: mhazel@mtntel.com

VI. CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application.

Dated this 5th day of July, 2006.

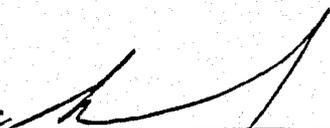
ESCHELON TELECOM, INC.

By: _____

Dennis D. Ahlers
Associate General Counsel
Eschelon Telecom, Inc.
730 2nd Avenue South, Suite 900
Minneapolis, MN 55402
Telephone: (612) 436-6249
Facsimile: (612) 436-6349
E-mail: ddahlers@eschelon.com

Respectfully submitted,

MOUNTAIN TELECOMMUNICATIONS, INC.

By:  _____

Mike Hazel
Vice President
Mountain Telecommunications, Inc.
1430 W. Broadway Road, Suite A200
Tempe, AZ 85282
Telephone: (480) 850-7566
Facsimile: (480) 850-9599
E-mail: mhazel@mtntel.com

EXHIBIT A

DOMESTIC SUPPLEMENT TO JOINT INTERNATIONAL AND DOMESTIC APPLICATION FOR CONSENT TO TRANSFER CONTROL

- I. Pursuant to 47 C.F.R. § 63.04(b), the following information required by 47 C.F.R. 63.04(a)(6)-(a)(12) is supplied in connection with the attached Joint International and Domestic Application for Consent to Transfer Control.

(6) Description of the transaction:

On June 30, 2006, ETI and MTI entered into an Agreement and Plan of Merger ("Agreement") pursuant to which ETI will acquire all of the stock of MTI, a Delaware corporation and Mountain Telecommunications of Arizona., an Arizona corporation and a direct wholly owned subsidiary of MTI. As a result, MTI will become a direct, wholly-owned subsidiary of ETI. Closing of the Transaction is contingent upon, among other things, receipt of necessary regulatory approvals from the Commission and other Governmental approvals.

Applicants emphasize that the proposed Transaction will be entirely transparent to customers of MTI. Because of the nature of this merger, the transfer of control of MTI will not result in any immediate changes on MTI's operations nor have any adverse effect customers who receive service from MTI. Immediately after consummating the transaction, those customers will continue to receive the identical end user telecommunications and other services at the rates and pursuant to the terms and conditions of service these customers currently receive from MTI. Any future changes in the rates, terms and conditions of service will be made consistent with applicable law. Further, MTI will continue to provide services under the MTI name. The Transaction will not result in any discontinuance of service for MTI customers. In sum, consummation of the Transaction will result in no perceivable changes to MTI's customers.

(7) A description of the geographic areas in which the transferor and transferees offer domestic telecommunications services, and what services are provided in each area:

ETI's subsidiaries provide local and long-distance voice, and data transmission services and business telephone systems in Minnesota, California, Colorado, Arizona, Utah, Nevada, Washington and Oregon. ETI provides long-distance services in New York. MTI provides resold local, resold long distance, and data transmission services to residential customers and small and medium-sized businesses in the state of Arizona.

(8) A statement as to how the Application fits into one or more of the presumptive streamlined categories in Section 63.03 or why it is otherwise appropriate for streamlined treatment:

ETI as transferee will have less than a 10 percent market share in the interstate, interexchange market as a result of the transaction and will provide services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to this transaction. Further, neither ETI nor MTI is dominant with respect to any service. Therefore, this Application is appropriate for streamlined treatment pursuant to 47 C.F.R. § 63.03(b) (2).

(9) Identification of all other Commission applications related to the same transaction:

The attached Application for consent to the transfer of control related to the provision of international telecommunications services is being submitted herewith.

(10) A statement of whether the Applicants are requesting special consideration because either party to the transaction is facing imminent business failure:

Applicants do not seek special consideration in this Application.

(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction:

Applicants do not seek any waivers in conjunction with the transactions discussed in this Application.

(12) A statement showing how grant of the Application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets:

The Applicants respectfully submit that the Transaction serves the public interest. After consummation of the Transaction, MTI's customers will continue to receive the same service under the same tariffs as at present. The Transaction involves no change in the entity providing service directly to customers or the end user services, rates, terms and conditions of

such services. All existing retail tariffs will remain in place. The transfer of control will be entirely transparent to MTI customers and will not have any adverse impact on them. The only change will be in the ultimate ownership of MTI.

The Applicants expect that the Transaction will increase competition in the telecommunications market by strengthening ETI's position as an effective and multifaceted telecommunications carrier. The Transaction will allow ETI to combine its financial, technical and market resources and expertise with that of MTI, thereby enhancing its ability to provide reliable, competitively-priced services to customers. By permitting ETI to strengthen its competitive position the proposed Transaction will make ETI a more financially secure competitive alternative to the incumbents and promote ETI's ability to enter additional markets, thus expanding competitive choices for customers.

MTI focuses on delivering reliable, high-quality voice and data transmission services to the medium and large business markets. Customers currently served by MTI fall squarely within ETI's market niche and therefore make an ideal fit with ETI's long term expansion goals. Consummation of the proposed Transaction will make available to MTI customers ETI's innovative and proprietary operations support systems, which provide leading edge electronic bonding, provisioning, customer care and billing system capabilities. ETI 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 ETI supports its products and services with dedicated and skilled account teams. MTI customers can expect the same dedicated attention if the proposed Transaction is consummated.

The transfer of control of MTI to ETI will not cause any anti-competitive effects. MTI and ETI together will achieve economies of scale and scope, which will enhance ETI's ability to deploy new products and services and expand into new markets. Although MTI and ETI both provide services in Arizona, neither has significant market share in this market and the combined market share post-closing will not exceed 10 percent in any interstate interexchange market. In all instances where MTI and ETI 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, other competitive carriers such as Time Warner Telecom, XO Communications, Integra and a plethora of others are active participants in these markets. Accordingly, the transfer of control of MTI to ETI will increase, not degrade, the competitiveness of these markets. For each of the foregoing reasons, grant of the proposed transaction is in the public interest.