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AZ CORP COMMISSION
DOCKET CONTROL

Docket Control Center
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

Via Overnight Delivery

Re: IN THE MATTER OF THE APPLICATION OF ESCHELON TELECOM OF ARIZONA, INC.
FOR APPROVAL OF ENCUMBRANCE OF ASSETS; DOCKET NO. T-03406A-04-0232:

Application to Modify Compliance Requirement in Decision No. 67977

To Whom It May Concern:

Enclosed for filing with the Arizona Corporation Commission is an original plus 14 copies of the Application to Modify Compliance Requirement in Decision No. 67977, Docket No. T-03406A-04-0232 of Eschelon Telecom of Arizona, Inc.

I have enclosed one extra copy of this filing; please date-stamp and return it in the enclosed envelope. Thank you for your assistance in this matter. If you have any questions or concerns, please contact the undersigned directly.

Sincerely,

Cathy Murray
Manager, Regulatory Affairs
Integra Telecom
Phone: 612-436-1632
Fax: 612-436-6816
E-mail: camurray@integratelecom.com

Arizona Corporation Commission
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Enclosure

BEFORE THE ARIZONA CORPORATION COMMISSION

MIKE GLEASON

Chairman

KRISTIN K. MAYES

Commissioner

WILLIAM A. MUNDELL

Commissioner

JEFF HATCH-MILLER

Commissioner

GARY PIERCE

Commissioner

IN THE MATTER OF THE APPLICATION OF)
ESCHELON TELECOM OF ARIZONA, INC. FOR) DOCKET NO. T-03406A-99-0742
APPROVAL OF ENCUMBRANCE OF ASSETS)

APPLICATION TO MODIFY COMPLIANCE REQUIREMENT
IN DECISION NO. 67977

I. INTRODUCTION

On July 18, 2005, the Arizona Corporation Commission (Commission) issued Decision No. 67977, in Docket No. T-0346A-04-0232 which approved the encumbrance of the assets of Eschelon Telecom of Arizona, Inc. (Eschelon or Company), in order to secure financing for its parent company, Eschelon Operating Company. The Commission conditioned its approval by requiring Eschelon to provide annually to Staff “the allocated Arizona percentage of actual capital expenditures by the categories listed on the Company’s website and provided to the Securities and Exchange Commission.”

On August 31, 2007, Eschelon and all its affiliates were acquired by Integra Telecom Holdings, Inc. (Integra). The financing that was the subject of Docket No. T-0346A-04-0232 and Decision No 67977 has since been retired and the Commission has directed alternative compliance requirements in its decision approving Integra’s acquisition of Eschelon. Eschelon respectfully requests that the Commission modify Decision No. 67977 so that the annual capital expenditure report requirement is eliminated.

II. BACKGROUND

Eschelon submitted the compliance filings required by Decision No. 67977 in June of 2006 and 2007. On July 18, 2007, in Docket Nos. T-03406A-07-0202 and T-20527A-07-0202, the Commission issued Decision No. 69707 in which it conditionally approved the Joint Application of Eschelon Telecom, Inc. and Integra Telecom Holdings, Inc. for a Limited Waiver of the Public Utility Holding Companies and Affiliated Interests Rules and for Authorization to Encumber and/or Mortgage Assets of Eschelon Telecom of Arizona, Inc., Mountain Telecommunications of Arizona, Inc. and Electric Lightwave, LLC. Decision No. 69707 approved the encumbrance of the assets of the Arizona affiliates in connection with the Senior Secured Debt which was issued to accomplish Integra's acquisition of Eschelon. Current and future capital expenditures will be directed by Integra Telecom Holdings, Inc.

Upon the closing of the transaction approved by Decision No. 69707, all debt previously incurred by Eschelon Telecom, Inc. and Eschelon Operating Company was retired, as was the publically-traded stock of Eschelon Telecom, Inc. Thus, the Senior Second Secured Notes for which Eschelon sought approval to encumber assets no longer exists.

III. THE COMPLIANCE REQUIREMENTS SET OUT IN DECISION NO. 67977 PROVIDE THE STAFF AND COMMISSION ADEQUATE OVERSIGHT OF ONGOING BUSINESS OPERATIONS

In its Decision No. 69707 the Commission directed Integra Telecom Holdings, Inc. (Integra) and Eschelon Telecom, Inc. (together, Parties) to file annual updates on April 15, 2008 and 2009 as to the status of the Parties stated plans to increase employees and investments in Arizona, and any changes in the status of the Parties' debt financing plans. Integra filed the first of these two annual compliance reports in April 2008.

IV. REQUEST AND CONCLUSION

Eschelon respectfully requests that the Commission modify its Decision No. 67977 by closing out or eliminating the annual compliance requirement directing Eschelon to file capital expenditure information. Staff and the Commission will stay adequately informed and Arizona

customers adequately protected by the compliance requirements set out in Decision No. 69707 in Docket Nos. T-03406A-07-0202 and T-20527A-07-0202.

Respectfully submitted this 30th day of June 2008.

A handwritten signature in cursive script that reads "Catherine A. Murray". The signature is written in black ink and is positioned above a horizontal line.

Catherine A. Murray
Manager, Regulatory Affairs
Integra Telecom
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Minneapolis, MN 55402