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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MIKE GLEASON – Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

IN THE MATTER OF THE JOINT APPLICATION) DOCKET NO. T-03267A-07-0554
OF PAETEC HOLDING CORP., MCLEODUSA)
INCORPORATED AND MCLEODUSA)
TELECOMMUNICATIONS SERVICES, INC.)
FOR APPROVAL TO TRANSFER INDIRECT)
CONTROL OF MCLEODUSA)
TELECOMMUNICATIONS SERVICES, INC.)
AND FOR MCLEODUSA)
TELECOMMUNICATIONS SERVICES, INC. TO)
PARTICIPATE IN CERTAIN DEBT FINANCING)
ARRANGEMENTS.)

Arizona Corporation Commission
DOCKETED

APR 18 2008

DOCKETED BY

NOTICE OF COMPLIANCE FILING

PAETEC Holdings, Inc., McLeodUSA, Incorporated and McLeodUSA
Telecommunications Services, Inc., through undersigned counsel, hereby submit the attached
affidavit in compliance with Decision No. 70126 confirming that no Arizona customer deposits,
advances and prepayments are encumbered.

RESPECTFULLY SUBMITTED this 18th day of April 2008.

ROSHKA DEWULF & PATTEN, PLC

By

Michael W. Patten
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Attorneys for Applicants

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ROSHKA DEWULF & PATTEN, PLC
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TELEPHONE NO 602-256-6100
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2 Venable LLP
575 7th Street, N.W.
3 Washington, D.C. 20036
Tel: (202) 344-4000
4 Fax: (202) 344-8300

5 Of Counsel

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7 Original and 17 copies of the foregoing
filed this 18th day of April 2008 with:

8 Docket Control
9 Arizona Corporation Commission
1200 West Washington Street
10 Phoenix, Arizona 85007

11 Copy of the foregoing hand-delivered/mailed
this 18th day of April 2008 to:

12 Brian Bozzo
13 Utilities Division
Arizona Corporation Commission
14 1200 West Washington
Phoenix, Arizona 85007

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16 By Mary Appolito

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Before the
Arizona Corporation Commission

In the Matter of

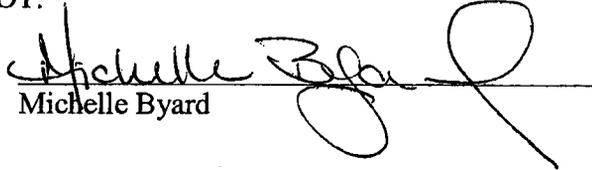
In the Matter of the Application of PAETEC)
Holding Corp., McLeodUSA Incorporated and)
McLeodUSA Telecommunications Services,)
Inc. for Approval to Transfer Indirect Control) Docket No. T-03267A-07-0554
of McLeodUSA Telecommunications Services,)
Inc., and For McLeodUSA Telecommunications)
Services, Inc. to Participate in Certain Debt)
Financing Arrangements)

AFFIDAVIT OF MICHELLE BYARD

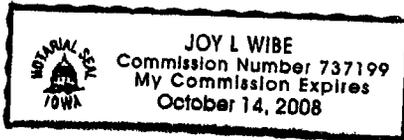
1. My name is Michelle Byard. My business address is One Martha's Way, Hiawatha, IA, 52233. I am employed by PAETEC Holdings, Inc. as the Director, Accounting.
2. My affidavit is being filed on behalf of PAETEC Holdings Corp., McLeodUSA Incorporated, and McLeodUSA Telecommunications Services, Inc. d/b/a PAETEC Business Services.
3. The purpose of my Affidavit is to address the compliance requirement imposed by the Arizona Corporation Commission requiring the company to submit an annual compliance report in which it verifies that customer deposits, advances and prepayments from Arizona customers held by the company are excluded from any encumbrance.
4. I am familiar with the terms of the Credit Agreement and debt Financing Arrangements of PAETEC Holdings Corp. Under the terms of the Credit Agreement, no customer deposits, advances or prepayments from Arizona customers are encumbered.

5. I am also familiar with the terms of a Performance Bond held by McLeodUSA Telecommunications Services, Inc. The Performance Bond in the amount of \$600,000 would provide adequate funds to reimburse Arizona customers for all deposits, advances and prepayments currently held by McLeodUSA in the State of Arizona.

FURTHER AFFIANT SAYETH NOT.


Michelle Byard

SUBSCRIBED AND SWORN TO before me on this 17th day of April, 2008.




Notary Public for Joy Wibe
Residing at Linn County
My Commission Expires 10/14/08