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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
McLeodUSA Telecommunications Services)
Inc. and US LEC Communications Inc. for) Case No. 09-1881-TP-ACO
Pro Forma Reorganization and Name)
Change.)

ENTRY

The attorney examiner finds:

- (1) McLeodUSA Telecommunications Services Inc. (McLeod), US LEC Communications Inc. (US LEC), and PAETEC Communications Inc. are each certified to provide local and interexchange services in the state of Ohio pursuant to Certificate Nos. 90-9087, 90-9096, and 90-9120, respectively.
- (2) On December 2, 2009, as amended on December 4, 2009, McLeod and US LEC (joint applicants) filed a joint application seeking approval of a change in their existing corporate status, a pro forma reorganization within their respective chain of ownership, as well as an accompanying name change for each entity.

Specifically, joint applicants explain that they, in addition to PAETEC Communications Inc., are wholly-owned indirect subsidiaries of PAETEC Holding Corp. Pursuant to the pending application, the joint applicants intend to pursue a change in corporate structure whereby each will convert from an incorporated company to a limited liability company. As a result of the proposed change McLeodUSA will operate under the name McLeodUSA Telecommunications LLC dba PAETEC Business Services and US LEC will operate under the name US LEC Communications LLC dba PAETEC Business Services.

Joint applicants represent that in addition to the changes in corporate form, each will undertake a pro forma reorganization that is in the public interest and will promote competition within the state of Ohio. In particular, joint applicants note that, currently, McLeodUSA is ultimately held by PAETEC Holding through its McLeodUSA Inc. and McLeodUSA

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Holdings Inc. subsidiaries. Joint applicants also note that, currently, US LEC is ultimately held by PAETEC Holding through its US LEC Corp. subsidiary. Pursuant to the proposed transaction, McLeodUSA and US LEC will each become indirect wholly-owned subsidiaries of PAETEC Holding under the PAETEC Corp. and PAETEC Communications Inc. (itself a certified telecommunications provider, as noted above) subsidiaries via the currently existing McLeodUSA Holdings, Inc. and US LEC Corp., respectively.

Joint applicants explain that the proposed reorganization will not affect the ultimate parent of the certified entities. Additionally, joint applicants aver that day-to-day operations of the companies will continue to be managed by the same personnel and that there will be no effect on the rates and services offered by the companies. Joint applicants state that the proposed reorganization is intended to enhance the overall operational efficiency and competitive position of PAETEC Holding Corp. due to the resulting tax benefits. Joint applicants submit that these benefits will ultimately flow to the benefit of the companies' subscribers.

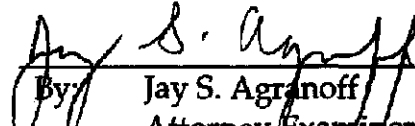
- (3) Additional information and investigation is necessary in order to complete a review of the application. In accordance with Rule 4901:1-6-07, Ohio Administrative Code, this application is fully suspended for 60 days.


It is, therefore,

ORDERED, That this application be suspended in accordance with Finding (3).
It is, further,

ORDERED, That a copy of this entry be served upon all interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO


By Jay S. Agranoff
Attorney Examiner

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Entered in the Journal

DEC 30 2009


Renee J. Jenkins

Renee J. Jenkins
Secretary