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**BEFORE THE
UTAH PUBLIC SERVICE COMMISSION**

Joint Application of

Integra Telecom Holdings, Inc.

and

Eschelon Telecom, Inc.

For Approval of a Transfer of Control of
Eschelon Telecom, Inc.

JOINT APPLICATION

Docket No. 07-2299-____

Integra Telecom Holdings, Inc. (“Integra”) and Eschelon Telecom, Inc. (“Eschelon”) (together, “Applicants”), through their undersigned counsel, hereby submit this Joint Application seeking an Order from the Public Service Commission of Utah (“Commission”), to the extent that such approval is necessary pursuant to Utah Code Ann. §§ 54-4-28 & 54-4-29, and the Rules of the Commission. Applicants request **expedited** Commission approval or such authority as may be necessary or required to enable the parties to consummate a transaction whereby Integra will acquire all the outstanding equity interests of Eschelon, a non-dominant carrier that, through its subsidiary, Eschelon Telecom of Utah, Inc. (“Eschelon-Utah”), holds authority from the Commission to provide intrastate telecommunications services in Utah. As a result of the proposed transaction, Integra will hold 100 percent of the stock of Eschelon and will directly control Eschelon and its subsidiaries, including Eschelon-Utah.

As described in detail below, although the proposed transaction will result in a change in the stock ownership of Eschelon, this transaction does not involve a transfer of certificates, assets or customers, and Eschelon-Utah will retain its authorization to provide intrastate telecommunications services in Utah. Immediately following completion of the transaction, Eschelon-Utah will continue to provide service to its existing customers in Utah pursuant to its authorization under the same rates, terms and conditions. Accordingly, this transaction will be virtually transparent to Eschelon-Utah’s customers.¹

Applicants respectfully request that the Commission act expeditiously to grant the authority requested prior to, but no later than, July 1, 2007, so that Applicants can timely consummate the proposed transaction to provide the benefits of the proposed transaction to Utah consumers as soon as possible and to meet important business objectives.

In support, Applicants state as follows:

I. DESCRIPTION OF THE APPLICANTS

A. Integra Telecom Holdings, Inc. (“Integra”)

Integra Telecom Holdings, Inc. is an Oregon corporation with principal offices located at 1201 NE Lloyd Boulevard, Suite 500, Portland, Oregon 97232. Through its state-specific operating subsidiaries, Integra provides local telephone service, long distance calling, and high-speed Internet access to small and mid-sized businesses in Arizona, California, Idaho, Minnesota, North Dakota, Oregon, Utah, and Washington.² Integra is a facilities-based service provider, operating its network from various switching centers throughout its operating regions. Today, Integra employs more than 1,000 people and serves over 60,000 customers across its eight-state operating area. Integra differentiates itself by staffing locally based customer care, technical, and account management professionals whose goal is to provide high-level, personalized client service and satisfaction. Integra enjoys the highest customer loyalty and customer satisfaction ratings in the telecommunications industry.

Integra also has invested substantial capital in building and operating a facilities based, proprietary operating network. This network includes numerous metropolitan area fiber networks representing over 2,200 route miles (160,000 fiber miles) and a 4,700-mile long-haul fiber network.

¹ As described below, Eschelon-Utah will begin using the brand name Integra Telecom as soon as possible after closing.

² Integra’s operating subsidiaries also are authorized to provide long distance service in approximately 37 other states.

In Utah, Integra provides service through two subsidiaries: Integra Telecom of Utah, Inc. (“Integra-Utah”) and Electric Lightwave, LLC (“Electric Lightwave”).³ Integra-Utah is authorized to provide competitive local exchange services pursuant to authority granted by the Commission in Docket No. 99-2299-01 on April 21, 2000, as amended in Docket No. 02-2299-01 on March 6, 2002. Integra- Utah also provides intrastate interexchange telecommunications services, which have been deregulated by the Commission. In Utah, ELI is authorized to provide local exchange and other telecommunications services pursuant to a Certificate of Public Convenience and Necessity granted by the Commission in Docket No. 94-2202-01 on August 15, 1995.

Integra and its operating subsidiaries, including Electric Lightwave, are also authorized by the Federal Communications Commission to provide interstate and international telecommunications services.

Integra’s management team has extensive experience in the telecommunications industry.⁴ The executives on Integra’s management team have, collectively, over 175 years of combined experience acquiring and building successful telecommunications enterprises. These key managers have managed the operations of both ILECs and CLECs, including Integra. This highly qualified management team helped Integra become, in 2003, one of the first CLECs to achieve free cash flow positive status. In addition, Integra was one of the first competitive carriers to offer advanced data services over DSL facilities in several of its markets and the first major CLEC, since the downturn in the capital markets in 2000, to repay its original lenders in full when it refinanced its balance sheet in September 2004.

³ The Commission approved Integra’s acquisition of Electric Lightwave by order dated April 17, 2006 in Docket No. 06-2299-01.

Integra also completed its acquisition of Electric Lightwave in August 2006 and has since accomplished numerous milestones associated with integrating the companies, including implementing Integra's local service model, establishing common network monitoring systems, and upgrading its long haul network. With such success, Integra is qualified to manage Eschelon's operations following completion of the proposed transaction.

Further information concerning Integra- Utah's legal, technical, managerial and financial qualifications to provide service was submitted with its application for a certificate of public convenience and necessity and is, therefore, a matter of public record. Integra respectfully requests that the Commission take official notice of that information and incorporate it by reference.

B. Eschelon

Eschelon is a corporation organized under the laws of Delaware. Eschelon's current principal place of business is at 730 Second Avenue South, Suite 900, Minneapolis, Minnesota, 55402. Eschelon is a publicly traded company whose stock is held by many individual and institutional investors.

Founded in 1996, Eschelon, through its subsidiaries, offers small and medium sized businesses a comprehensive line of telecommunications and Internet products, including local lines, long distance, voice messaging, business telephone systems, DSL, dedicated T-1 access, network solutions, and Web hosting. Eschelon currently provides service to over 60,000 business customers in Arizona, California, Colorado, Minnesota, Montana, Oregon, Nevada, Utah, and Washington.

⁴ Biographies of the key management team are provided as Exhibit A.

Eschelon-Utah is authorized to provide local exchange and other telecommunications services pursuant to Certificate of Public Convenience and Necessity No. 2263 granted by the Commission in Docket No. 01-2263-01.⁵ Eschelon-Utah has approximately 3700 customers.

Eschelon and its operating subsidiaries are also authorized by the Federal Communications Commission to provide interstate and international telecommunications services.

II. CONTACT INFORMATION

For the purposes of this Application, contacts for the Applicants are as follows:

For Applicants:

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⁵ Eschelon-Utah's certificate was originally held by Advanced Telecommunications Inc. On May 15, 2000, the Commission granted the request to change the company's name from Advanced Telecommunications Inc. to Eschelon Telecom, Inc. On October 4, 2001, the Commission approved the transfer of that certificate to Eschelon Telecom of Utah, Inc.

For Eschelon:

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III. DESCRIPTION OF THE TRANSACTION

In order to consummate the proposed transaction, Applicants have entered into an Agreement and Plan of Merger (the “Agreement”) dated as of March 19, 2007. The Agreement provides for a business combination, or merger, of Integra and Eschelon pursuant to which Integra will acquire 100 percent of the ownership and control of Eschelon and Eschelon will be merged into a wholly owned subsidiary of Integra. The Integra entity into which Eschelon will be merged is a newly formed entity named ITH Acquisition Corp. and was created for the specific purpose of this transaction. Eschelon will be the surviving entity of the merger for all legal purposes, and the combined entity will retain the name Eschelon Telecom, Inc.⁶

Pursuant to the Agreement, Eschelon shareholders will receive \$30.00 cash for each share of Eschelon stock they own. The aggregated total purchase price to be paid by Integra will be approximately \$710 million.

There will be no change in the assets or direct ownership of Eschelon-Utah as a result of the merger. Eschelon- Utah currently is directly owned by Eschelon Operating Company, which in turn is directly owned by Eschelon Telecom, Inc.⁷ After consummation of the transaction, Eschelon- Utah will continue to be directly owned by Eschelon Operating Company, which will

⁶ A copy of the Agreement is attached hereto as Exhibit B.

⁷ Pre- and post-transaction corporate organizational charts are attached as Exhibit C.

continue to be directly owned by Eschelon Telecom, Inc. Rather than affecting the direct ownership of Eschelon- Utah, therefore, the merger will effect only an indirect change in the control of Eschelon- Utah, since Integra will become the corporate parent of Eschelon. Immediately following the transaction, Eschelon will continue to operate as a separate subsidiary of Integra.⁸

Although the proposed transaction will result in Integra owning all the stock of Eschelon, the merger will not affect the assets Eschelon-Utah currently holds or adversely affect any of the customers who receive service in connection with Eschelon-Utah’s ongoing operations.

Immediately following the consummation of the transaction, those customers will continue to receive service under the same rates, terms and conditions of service. For brand uniformity and to avoid potential customer confusion, Integra intends to adopt the “doing business as” name of “Integra Telecom” for Eschelon- Utah’s operations as soon as possible after closing.⁹

Nevertheless, the acquisition of the stock of Eschelon by Integra will be seamless and virtually transparent to consumers in the State of Utah in terms of the services they receive and the prices they pay.¹⁰

IV. PUBLIC INTEREST STATEMENT

Applicants respectfully submit that the transaction described below will serve the public interest. The proposed transaction will provide Eschelon-Utah with access to Integra’s extensive metropolitan area network in Utah and its long haul network. Access to these networks will

⁸ The transaction also will not affect the ownership of Integra-Utah or Electric Lightwave.

⁹ Applicants will provide the required customer notice and advice letter regarding revisions to Eschelon-Utah’s price list to reflect the doing business as name.

¹⁰ If, after a transition period, Integra seeks to simplify its operations by transferring Eschelon-Utah’s assets to another Integra-controlled entity, then Integra will obtain all necessary approvals, including all required Commission approvals, and make all required customer notifications.

provide Eschelon customers a more robust and reliable communications network. It also will provide access to both companies' technical and financial strengths and complementary services, which together are expected to strengthen the Applicants' ability to expand their offerings and provide more advanced telecommunications services to a broader customer base in Utah. In addition, Eschelon-Utah's customers will experience Integra's decentralized customer service model, which emphasizes locally based customer care, repair, and maintenance personnel and has contributed to some of the highest customer satisfaction ratings in the industry. Applicants expect that the proposed acquisition will enable both Eschelon and Integra to continue to offer innovative products and to further strengthen their competitive positions in Utah to the benefit of Utah consumers and the State's telecommunications marketplace.

Further, the transaction will be conducted in a manner that will be virtually transparent to customers of Eschelon-Utah. The acquisition of Eschelon's stock will not result in a change of carrier for end user customers or in a transfer of authorizations. Following consummation of the proposed transaction, Eschelon-Utah, Integra-Utah, and Electric Lightwave will continue to provide high-quality communications services to their customers without interruption and the consummation of the transaction will not result in any change in customers' rates, terms or conditions.

The public interest will also be served by expeditious consideration and approval of the transaction no later than July 1, 2007. In order to bring the benefits of the proposed transaction to Utah consumers as soon as possible and to eliminate the potential negative effect of intervening external events, including changing market conditions, Applicants request that the transaction be approved as quickly as possible. Applicants emphasize that the proposed transfer of control will be virtually transparent and will not affect service to Eschelon-Utah's customers.

The transfer of control will not result in the discontinuance, reduction, loss, or impairment of service to customers. Accordingly, Applicants request that the Commission commence its examination of the proposed transaction as soon as possible and complete its review no later than July 1, 2007.

V. 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 for the acquisition of stock and control of Eschelon Telecom, Inc. by Integra Telecom Holdings, Inc. Applicants respectfully request expedited approval by July 1, 2007 to permit Applicants to complete the transaction in a timely manner.

Respectfully submitted this ____ day of _____, 2007.

By: _____

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LIST OF EXHIBITS

Exhibit A	Management Biographies
Exhibit B	Membership Interest Purchase Agreement
Exhibit C	Pre- and Post-Transaction Corporate Structure
Verifications	

EXHIBIT A

Management Biographies

EXHIBIT B

Membership Interest Purchase Agreement

EXHIBIT C

Pre- and Post-Transaction Corporate Structure

VERIFICATIONS