



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Ron Slusher, Utility Technical Consultant

Date: January 18, 2011

Re: In the Matter of the Transfer of Control of CTC Communications Corp. to EarthLink, Inc., Docket No. 11-2287-01.

RECOMMENDATION (Approve):

The Division has reviewed the joint application and believes that the transfer of control is in the public interest. As a result of the acquisition, CTC Communications Corp. should be in a better position to provide expanded and advanced telecommunications services because of improved financial stability and access to the technical and managerial abilities of the acquiring Company.

EXPLANATION:

On January 6, 2011, CTC Communications, Corp (“CTC”) and EarthLink, Inc. (“EarthLink”) notified the Commission of a transaction which will result in a transfer of control of CTC to EarthLink.

CTC is a wholly-owned subsidiary of One Communications Corp., a privately held Delaware corporation, their principal corporate offices at 5 Wall Street, Burlington, MA 01803. CTC is a registered reseller of long distance services in the state of Utah.

EarthLink is a publicly traded Delaware corporation with a principal business office at 1375 Peachtree Street, Atlanta, Georgia 30309. EarthLink has two subsidiaries that operate in Utah: New Edge Network, Inc. and DeltaCom, Inc. Through these and its other operating subsidiaries, EarthLink provides traditional and Internet Protocol voice and data services in all 50 states plus the District of Columbia. EarthLink and DeltaCom, Inc. are both registered resellers of long distance services in the state of Utah while New edge Network, Inc is a authorized to provide

local exchange and interexchange telecommunications services, granted in Docket No. 99-2287-01.

Pursuant to an Agreement and Plan of Merger, dated December 20, 2010, EarthLink, Egypt Acquisition Corp (an indirect, wholly-owned subsidiary of EarthLink created for purposes of the transaction), One Communications Corp and Egypt Acquisition Corp will merge with and into One Communications Corp, with One Communications Corp continuing as the surviving entity. As a result of the Merger, CTC will become a wholly owned indirect subsidiary of EarthLink. Thus, EarthLink will become the new ultimate parent company of One Communications Corp and CTC.

The Applicants submit that the transfer of control described herein will serve the public interest by creating one of the largest nationwide competitive communications service providers serving Internet and business customers. The combined company will offer customers a compelling alternative to legacy carriers through the combined footprint of the two companies, a comprehensive suite of Internet and business services, as well as an extensive switching and fiber network. The complementary strengths, product sets, and geographic footprints of the two companies should position EarthLink to realize cost savings and achieve synergies that are expected to strengthen its ability to enhance service offerings and provide more advanced communications services to a broader customer base. Immediately following consummation of the merger, CTC will continue to provide service to its customers pursuant to its existing authorizations, with no change in the rates or terms and conditions of service as currently provided. The transfer of control will be transparent to customers of CTC in terms of the services they currently receive, and any changes that may occur in the future as to CTC's name or services will be made in accordance with the Commission's rules and procedures.

cc: Paula Foley, Regulatory Affairs Counsel, One Communications, Corp
Samuel R. DeSimone, Jr. Executive VP / General Counsel & Secretary, EarthLink, Inc.
Patricia Schmid, Attorney, State of Utah