

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-3549
of American Long Lines, Inc.,)
Winter Park, Florida, closing)
the merger with PAETEC) GRANTED
Communications, Inc., Fairport,)
New York.) Entered: March 29, 2006

BY THE COMMISSION:

On February 6, 2006, an application was filed by PAETEC Communications, Inc. (PAETEC) and American Long Lines, Inc. (AMLL), seeking approval of a merger. Notice of the application was published in The Daily Record, Omaha, on February 14, 2006. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N A N D F I N D I N G S

I. The Parties

PAETEC is a Delaware corporation with its headquarters in Fairport, New York. PAETEC is a wholly owned subsidiary of PAETEC Corp., a privately held Delaware holding company. PAETEC was granted authority to provide intrastate interexchange services and local exchange services by this Commission on April 16, 1999 in Application C-1991. PAETEC also provides intrastate interexchange and/or competitive local exchange service in numerous other states. In addition, PAETEC provides international services as a non-dominant carrier.

AMLL is a Pennsylvania corporation with its headquarters in Fairport, New York. At one time AMLL was headquartered out of Winter Park, Florida. AMLL is also a wholly owned subsidiary of PAETEC Corp., a privately held Delaware holding company. AMLL was granted authority to provide intrastate interexchange service by this Commission on August 5, 1997, in Application C-1497. AMLL offers resold local and long distance telecommunications services in markets throughout the United States, primarily in Northeast United States. AMLL currently serves two (2) long distance customers in Nebraska.

II. The Transaction

In 2005, PAETEC Corp. acquired AMLL to expand its telecommunications operations. PAETEC Corp. and AMLL received approval for the transfer of control from the Commission in Application C-3329 on February 23, 2005. Both PAETEC and AMLL are now wholly owned subsidiaries of PAETEC Corp., however, each

company maintains its own billing systems, customer services operations, and other internal processes, many of which are duplicative in nature. To further streamline operations, the parties propose to merge AMLL into PAETEC, transfer all of AMLL's customers to PAETEC and discontinue all AMLL's operations in Nebraska. PAETEC will be the sole surviving entity of the transaction and AMLL will cease to exist.

AMLL sent notice to its Nebraska customers of the discontinuation of AMLL's service and the transition of service to PAETEC. AMLL's customers experienced no interruption of service during the transaction. All existing contracts with AMLL were assumed by PAETEC and the pricing, terms and conditions will be provided pursuant to existing contracts or pursuant to PAETEC's tariffs. There will be no rate or service changes as a direct result of this transaction. Both AMLL and PAETEC are managed by the same team of officers and directors and utilize the same key personnel, as a result, there will be no change in the companies' operations as a result of the merger and discontinuance.

III. Public Interest

Applicants state that the merger is in the public interest because PAETEC's management, which oversees AMLL's current operations, will ensure that AMLL's customers continue to receive the same high quality and innovative services as before, after the transaction. Affected customers will continue to receive the same service from PAETEC as they received from AMLL.

Applicants further state that the main objective of the transaction is to achieve greater corporate efficiency. The transaction will combine the financial resources and complementary operating, technical, and managerial strengths of both AMLL and PAETEC to better serve the customers and subscribers of both companies. The transaction will strengthen PAETEC's competitive position in Nebraska, which will in turn result in improved service to consumers.

Based on the evidence, we find the application to be fair and reasonable and in the public interest. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application C-3549 be, and is hereby, granted.

IT IS FURTHER ORDERED that the Certificate of Public Convenience and Necessity granted to American Long Lines, Inc. authorizing it to operate as an intrastate interexchange carrier in Application C-1497 be, and is hereby, cancelled.

IT IS FURTHER ORDERED that Tariff No. 1 filed with the Commission by American Long Lines, Inc. be and is hereby cancelled.

MADE AND ENTERED at Lincoln, Nebraska, this 29th day of March, 2006.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director