

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Joint)	Application No. C-3694
Application of DSLnet)	
Communications, LLC,)	
Wallingford, Connecticut, and)	GRANTED
MDS Acquisition, Inc., Costa)	
Mesa, California, seeking)	
approval of a Transfer of)	
Control to DSLnet)	
Communications, LLC.)	Entered: November 21, 2006

BY THE COMMISSION:

On September 15, 2006 an application was jointly filed by DSLnet Communications, LLC ("DSLnet") of Wallingford, Connecticut, and MDS Acquisition, Inc., ("MDSAI") of Costa Mesa, California (together "Applicants") seeking approval of a transfer of control Agreement (the "Agreement") in which MDSAI will acquire control of DSLnet. Notice of the application was published in The Daily Record, Omaha, Nebraska, on September 25, 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

The Parties:

DSLnet is a Delaware limited liability company with its principal offices located in Wallingford, Connecticut. DSLnet provides intrastate telecommunications services in forty-seven (47) states and the District of Columbia. DSLnet provides competitive local exchange telecommunications services¹ and interexchange telecommunications services in the State of Nebraska under and by virtue of authority heretofore granted by this Commission². DSLnet's sole member and managing entity is DSL.net, Inc. ("Parent"), a Delaware corporation. Parent holds no regulatory licenses or authority.

¹ See Application No. C-2032, *In the Matter of the Application of DSLnet Communications, LLC of New Haven, Connecticut, seeking authority to operate as a competitive local exchange carrier of telecommunications services within the State of Nebraska*, Granted (June 15, 1999).

² See Application No. C-2031, *In the Matter of the Application of DSLnet Communications, LLC of New Haven, Connecticut, seeking authority to operate as an interexchange carrier of telecommunications services within the State of Nebraska*, Granted (May 26, 1999).

MDSAI is a privately held Delaware corporation with its principal offices located in Costa Mesa, California. MDSAI is a wholly owned subsidiary of MegaPath Inc., ("MegaPath") and was formed for the sole purpose of acquiring Parent and its subsidiaries. MegaPath is a provider of a variety of Internet Protocol ("IP") services. Neither MegaPath, MDSAI, nor any of their affiliates currently offer any regulated telecommunications services or hold any authorities or licenses from the FCC or any state regulatory authority.

Description of the Transaction:

Pursuant to the Agreement, MDSAI purchased certain convertible promissory notes of Parent which will allow MDSAI to acquire control of DSLnet through the conversion of the convertible notes into common stock of Parent. Following the conversions, MegaPath will merge Parent with and into MDSAI, with MDSAI surviving. Stockholders of Parent, other than MDSAI, will receive a cash payment for their shares of Parent's stock. As a result of the conversions and the merger, MDSAI will have direct control of DSLnet and DSLnet will become a wholly owned indirect subsidiary of MegaPath. After consummation of the transaction, DSLnet will continue to provide telecommunication services in Nebraska pursuant to its telecommunications authorizations with no change in rates, terms or conditions of service. DSLnet will retain its name and will not change the manner in which it currently offers service in Nebraska.

DSLnet's customers will not experience any loss or impairment of services as a result of the transaction and will continue to receive their existing services at the same rates, terms and conditions as at present.

MegaPath is a leading IP communications company, providing multiple managed IP services. Both MDSAI and MegaPath are operated by a highly qualified management team, all of whom have extensive backgrounds in telecommunications and information services. MegaPath has the technical, managerial and financial capability to control and manage DSLnet, and is a fit and proper party to acquire the Business assets of DSLnet.

The parties submit that the public interest will be served because the transaction will provide critical financial and corporate resources to DSLnet that will allow it to continue to provide high quality services to its customers. DSLnet's access to MegaPath's substantial technical and management expertise and complementary suite of services will strengthen the companies' ability to expand DSLnet's offerings and provide more advanced services to a broader customer base in Nebraska. The transaction will enable the companies to strengthen their competitive positions in Nebraska to the benefit of Nebraska 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 No. C-3694 be, and it is hereby, approved.

MADE AND ENTERED at Lincoln, Nebraska, this 21st day of November, 2006.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director