

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the)	Application No. C-4093.1
Application of McLeodUSA)	
Telecommunications Services,)	
Inc., Fairpoint, New York,)	
seeking approval of a change)	
in corporate form from a)	APPROVED
corporation to a limited)	
liability company which will)	
change the name to McLeodUSA)	
Telecommunications Services,)	
LLC.)	Entered: December 21, 2010

BY THE COMMISSION:

On November 5, 2010, an application was filed by McLeodUSA Telecommunications Services, Inc., ("McLeod" or "Applicant") of Fairport, New York, seeking approval of a *pro forma* reorganization, a change in corporate structure from a corporation to a limited liability company, and a corresponding name change from McLeodUSA Telecommunications Services, Inc. to McLeodUSA Telecommunications Services, LLC. Notice of the application was published in The Daily Record, Omaha, Nebraska, on November 10, 2010. 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:

McLeod is a wholly-owned indirect subsidiary of PAETEC Holding Corp ("PAETEC Holding"). PAETEC Holding is a publicly traded Delaware corporation headquartered in Fairport, New York. McLeod provides resold and facilities-based local exchange and intrastate interexchange telecommunications services in the State of Nebraska under and by virtue of authority heretofore granted by this Commission¹.

Description of the Restructuring:

McLeod undertook a corporate restructuring whereby it converted from an incorporated company to a limited liability company. Corresponding with the change in corporate structure, McLeod also changed its name to

¹ See Docket C-4093 (See also, Dockets C-1194 and C-1933).

McLeodUSA Telecommunications Services, LLC, d/b/a PAETEC Business Services.

In addition to the corporate structure change and name change, the Applicant states the company undertook a pro forma corporate reorganization. Previously, McLeod was held by PAETEC Holding through the McLeodUSA Inc. and McLeodUSA Holdings, Inc. subsidiaries. After the pro forma restructuring McLeod became an indirect, wholly-owned subsidiary of PAETEC Holdings under the PAETEC Corp. and PAETEC Communications, Inc. subsidiaries, rather than through the previous intervening parent companies. The pro forma reorganization did not result in a transfer of control of McLeod because the ultimate parent of the company, PAETEC Holdings, remains the same. There was no change in either the ultimate ownership or control of McLeod or in the management and day-to-day operations in Nebraska as a result of the restructuring.

The Applicant submits that the public interest is served because the restructuring will enhance the overall operational efficiency and competitive position of the company because it expects to gain significant tax benefits as a result of the reorganization ultimately benefitting the company's subscribers. Therefore, the Applicant submits that the restructuring is in the public interest and will promote competition among telecommunications carriers in the State of Nebraska.

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-4093.1 be, and it is hereby, approved.

IT IS FURTHER ORDERED that McLeodUSA Telecommunications Services, Inc. is authorized to change its name to McLeodUSA Telecommunications Services, LLC.

IT IS FURTHER ORDERED that an updated tariff reflecting the change in name be filed with the Commission accordingly.

MADE AND ENTERED at Lincoln, Nebraska, this 21st day of
December, 2010.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. C-4093.1

Page 3

MADE AND ENTERED at Lincoln, Nebraska, this 21st day of
December, 2010.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Frank E. Landis

Chairman

Gerald L. Vap

Anne Boyle

ATTEST:

Phil S. J. J.

Executive Director

Tim Schram

//s// Frank E. Landis

//s// Gerald L. Vap