



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION)
OF CTC COMMUNICATIONS CORP., CONVERSENT)
COMMUNICATIONS OF NEW JERSEY, LLC,)
LIGHTSHIP TELECOM, LLC, DELTACOM, LLC f/k/a)
DELTACOM, INC., AND EARTHLINK BUSINESS, LLC)
f/k/a NEW EDGE NETWORK, INC., FOR APPROVAL)
OF CERTAIN PRO FORMA INTRA-COMPANY)
CHANGES)

ORDER

DOCKET NO. TM12090831

Parties of Record:

Dennis C. Linken, Esq., Scarinci & Hollenbeck, LLC, on behalf of Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On September 19, 2012, CTC Communications Corp. d/b/a EarthLink Business ("CTC"), Conversent Communications of New Jersey, LLC d/b/a EarthLink Business ("Conversent"), Lightship Telecom, LLC d/b/a EarthLink Business ("Lightship"), DeltaCom, LLC d/b/a EarthLink Business (f/k/a DeltaCom, Inc. d/b/a EarthLink Business) ("DeltaCom"), and EarthLink Business, LLC (f/k/a New Edge Network, Inc. d/b/a EarthLink) ("New Edge") (collectively, the "Petitioners"), by their counsel and pursuant to N.J.S.A. 48:2-51.1, filed a verified Petition with the New Jersey Board of Public Utilities ("Board") requesting Board approval for an internal corporate restructuring. Petitioners are all indirect subsidiaries of EarthLink, Inc. ("EarthLink"). The restructuring is being done to consolidate EarthLink's corporate structure and to realign EarthLink's operating units to eliminate unnecessary intermediate companies. Following the reorganization, Petitioners will continue to provide service to all of its customers at the same terms, rates and conditions on which they currently offer such services to customers in the state.

BACKGROUND

EarthLink is a publicly traded Delaware corporation with principal offices located in Atlanta, Georgia. EarthLink is a provider of Internet Protocol and telecommunications infrastructure and services to other telecommunications carriers, businesses, enterprise organizations and individual customers across the United States. In New Jersey, EarthLink has five subsidiaries that are authorized to provide telecommunications services: Business Telecom, Inc. d/b/a EarthLink Business ("BTI"), Conversent, CTC, Lightship and New Edge (collectively, the "NJ Certificated Entities"). BTI is authorized to provide facilities-based local exchange and interexchange telecommunications services. See Order, I/M/O the Petition for an Order Authorizing Business Telecom, Inc. d/b/a BTI to Provide Local Exchange and Interexchange Telecommunications Services Throughout New Jersey, Docket No. TE01070416, dated February 6, 2002. Conversent is authorized to provide facilities-based local and interexchange telecommunications service. See Order, I/M/O the Petition For an Order Authorizing Conversent Communications of New Jersey, LLC to Provide Facilities-Based Local Exchange and Interexchange Telecommunications Throughout New Jersey, Docket No. TE00020073, dated September 12, 2000. CTC Communications is authorized to provide facilities based intrastate telecommunications service. See Order, I/M/O the Petition For Order Authorizing CTC Communications Corp. D/B/A CT Communications Corp. to Provide Local Exchange and Interexchange Telecommunication Services Throughout New Jersey, Docket No. TE99100808, dated September 22, 2000. Lightship is authorized to provide facilities based local and interexchange telecommunications service. See, I/M/O the Petition For an Order Authorizing Lightship Telecom, LLC to Provide Local Exchange and Interexchange Telecommunications Throughout New Jersey, Docket No. TE00010014, Order dated August 17, 2000. New Edge is authorized to provide facilities based, local exchange and interexchange telecommunications services pursuant to certification in New Jersey. See Order, I/M/O the Petition for an Order Authorizing New Edge Network, Inc. D/B/A New Edge Networks to Provide Switched and Dedicated Resold and Facilities-Based, Interexchange and Local Exchange Telecommunications Services Throughout New Jersey, Docket No. TE99100774, dated March 9, 2000. DeltaCom operates solely as reseller in New Jersey and does not have facilities-based authority.

DISCUSSION

According to the petition, EarthLink has determined that its business would be more efficient from a management, operations, regulatory, accounting, financial and customer perspective by consolidating some of its over 50 subsidiaries. Accordingly, EarthLink states that it intends to simplify its existing corporate structure in a way that streamlines the number of companies offering duplicative services and holding duplicative licenses through a combination of steps, including the conversion of certain of the entities to limited liability companies, the change of the legal name of certain of the entities, the merger of certain of the entities, and the realignment and transfer of certain assets to consolidate services within the appropriate business units. Once the proposed intra-company changes are completed, EarthLink expects that its customer and various service segments will be aligned with business units dedicated to Consumer Services, Business Services, IT Services and Carrier Services. The Petition therefore seeks approval of the following: (1) the merger of New Edge Holding, LLC (f/k/a New Edge Holding Company), New Edge's current direct parent, with and into EarthLink Business Holdings, LLC, whereupon the separate existence of New Edge Holding, LLC will cease and EarthLink Business Holdings, LLC will be the surviving entity. EarthLink Business Holdings, LLC will then be the new direct parent company of New Edge; (2) New Edge converting from a Delaware

corporation to a Delaware limited liability company and changing its name to EarthLink Business, LLC; (3) the merger of One Communications Corp., CTC's current direct parent, with and into New Edge, whereupon New Edge will be the surviving entity and the subsequent mergers of (a) Conversent Communications, LLC with and into Conversent Holdings, Inc. with Conversent Holdings, Inc. as the surviving entity; (b) Conversent Holdings merging with and into Conversent Communications, Inc. with Conversent Communications, Inc. as the surviving entity and (c) Conversent Communications, Inc. merges with and into New Edge, with New Edge as the surviving entity; (3) the merger of Lightship Holdings, Inc. with and into New Edge, whereupon Lightship Holdings, Inc. will cease to exist and New Edge will be the surviving entity.

Petitioners assert that the intra-company reorganization will not result in any change to the ultimate ownership to any of the companies that have authority in New Jersey. Moreover, there will be no change in ultimate ownership and control of assets, liabilities or operations of the merged companies and that the proposed transactions will be seamless and virtually transparent to New Jersey customers. Since customers are already receiving services and invoices under the EarthLink Business brand, the intra-company changes will not result in customer confusion. Customers will continue to receive services under the same rates terms and conditions as provided before the reorganization.

In evaluating this petition, the Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1; N.J.A.C. 14:1-5.14(c). Also, under N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees. Petitioners have indicated that employees in New Jersey will not be affected by this intra company reorganization.

The Petitioners assert that the transactions described herein will serve the public interest by enabling Petitioners to serve its customers through a comprehensive and more efficient streamlined corporate structure. The proposed mergers are being undertaken to consolidate the EarthLink corporate structure and realign EarthLink's operating units to eliminate unnecessary and cumbersome intermediate companies in the EarthLink corporate structure and to assure that customer service is maximized by aligning services with the experienced account and operations teams focused on particular lines of business.

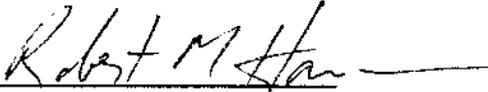
FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since Petitioner's New Jersey customers will continue to receive the same services at the same rates and under the same terms and conditions. Also, the Board is satisfied that positive benefits will flow to customers based on the record presented by Petitioners as the transaction will strengthen Petitioner's competitive posture in the telecommunications market as the reorganization will result in a more streamlined corporate structure that will enable Petitioners to more efficiently achieve potential operational, administrative and strategic objectives. In addition, the Board is persuaded that Petitioners will make every effort to minimize any potential adverse impact to employees in New Jersey.

Accordingly, the Board **FINDS** that the proposed reorganization will have no material impact on the rates of current customers, or on employees. The Board also **FINDS** that the reorganization will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **FINDS** that the proposed reorganization is in accordance with the law and in the public interest. The Board **HEREBY APPROVES** the request by Petitioners for the reorganization and **HEREBY ORDERS** that Petitioners shall notify the Board of the closing of the proposed transaction within 7 days of consummation.

DATED: 12/19/12

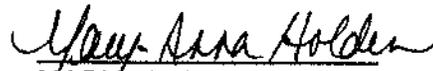
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ROBERT M. HANNA
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JEANNE M. FOX
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COMMISSIONER

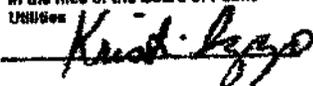

NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



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