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November 28, 2000

VIA OVERNIGHT DELIVERY

Blanca S. Bayó
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

001739-TP

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RECORDS AND
REPORTING

Re: Joint Notification of Proposed Intra Corporate Merger and Request for
Cancellation of Certificates Granted to East Florida Communications, Inc.

Dear Ms. Bayó:

PaeTec Communications, Inc. ("PaeTec") and its wholly owned subsidiary, East Florida Communications, Inc. ("EFC") (collectively "the Parties"), by their undersigned counsel, hereby notify the Commission of the proposed intra corporate merger of PaeTec and EFC, with PaeTec the surviving entity, and the relinquishment of EFC's Florida certificates effective December 31, 2000. As discussed below, EFC and PaeTec are wholly owned subsidiaries of PaeTec Corp. PaeTec and EFC each hold certificates from this Commission to provide intrastate telecommunications services in the State of Florida. The proposed merger, therefore, is simply an intra corporate restructuring that, upon completion, will result in the relinquishment of EFC's Florida certificates effective December 31, 2000. Attached hereto is an illustrative chart depicting the corporate structure of the Parties prior to and following the proposed merger. Further information regarding the proposed merger and the relinquishment of EFC's certificates is set forth below.

The Parties respectfully request expedited review of this filing and Commission approval, to the extent required, in order to permit them to complete the proposed merger and relinquish EFC's certificates effective December 31, 2000. An original and twelve (12) copies of this letter are enclosed. Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, stamped envelope.

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FPSC-RECORDS/REPORTING

A. The Parties

1. PaeTec Communications, Inc.

PaeTec is a privately held Delaware corporation with principal offices located at 290 Woodcliff Drive, Fairport, New York 14450. PaeTec is authorized to provide intrastate interexchange and/or competitive local exchange telecommunications services in all states except Alaska and Hawaii. In Florida, PaeTec is authorized to provide intrastate interexchange and alternative local exchange telecommunications services pursuant to Certificate Nos. 5756 and 5757, respectively, granted by this Commission.^{1/} PaeTec is a wholly owned subsidiary of PaeTec Corp., a privately held Delaware holding company, whose principal business is telecommunications. As stated above, PaeTec is the direct parent of EFC.

2. East Florida Communications, Inc.

EFC is a privately held Florida corporation with principal offices located at 221 South Ridgewood Avenue, Daytona Beach, Florida 32114. EFC provides intrastate interexchange and alternative local exchange telecommunications services in Florida pursuant to Certificate Nos. 51 and 4796, respectively (“Certificates”).^{2/} EFC became a direct, wholly owned subsidiary of PaeTec pursuant to PaeTec’s acquisition last year of all of EFC’s stock. This Commission approved the transfer of control of EFC to PaeTec by Order issued in Docket No. 990705-TP.^{3/} Further

^{1/} See *Application of PaeTec Communications, Inc. for certificate to provide alternative local exchange telecommunications service*, Docket No. 980919-TX, Order No. PSC-98-1498-FOF-TX (effective Dec. 5, 1998); *Application of PaeTec Communications, Inc. for certificate to provide interexchange telecommunications service*, Docket No. 980916-TI, Order No. PSC-98-1507-FOF-TI (effective Dec. 5, 1998).

^{2/} See *Request for acknowledgment of name change on Interexchange Telecommunications Certificate No. 51*, Docket No. 900866-TI, Order No. 24183 (issued Mar. 1, 1991) (approving transfer of control of Certificate No. 51 granted to PSA, Inc. to EFC); *Application for certificate to provide alternative local exchange telecommunications service*, Docket No. 961351-TX, Order No. PSC-97-0079-FOF-TX (effective Feb. 18, 1997).

^{3/} See *Request for approval of transfer of control of East Florida Communications, Inc. (holder of IXC Certificate No. 51 and ALEC Certificate No. 4796) to PaeTec Communications, Inc. (holder of IXC Certificate No. 5757 and ALEC Certificate No. 5756)*, Docket No. 990705-TP, Order No. PSC-99-1610-CO-TP (effective August 17, 1999).

information concerning EFC was filed with its application for certification, filed in Docket No. 961351-TX. That information is, therefore, already a matter of public record at the Commission, and the Parties respectfully request that it be incorporated by reference herein.

B. Description of the Intra Corporate Merger

For corporate reasons related to the cost, complexity and inconvenience of operating separate corporate subsidiaries that provide competitive telecommunications services, PaeTec Corp. has determined to implement a merger of its subsidiaries, PaeTec and EFC, with PaeTec the surviving entity. Following the merger, ownership and control of EFC's business will continue to reside in PaeTec Corp. PaeTec, however, will continue the provision of telecommunications services that EFC currently provides to Florida customers pursuant to PaeTec's Certificates, Nos. 5756 and 5757, and pursuant to revisions to PaeTec's tariffs incorporating EFC's service offerings and rates, terms and conditions of service. The Parties plan to give EFC customers notice of the intra corporate merger prior to and/or immediately following completion of the transaction by means of billing notices and/or written or oral communications. The proposed merger, therefore, will be undertaken in a seamless fashion that will have no adverse effect on EFC's provision of intrastate telecommunications services to the Florida public.

The Parties emphasize that the proposed merger does not involve a transfer of control because EFC and PaeTec are wholly owned subsidiaries of PaeTec Corp. Rather, the proposed merger is simply an intra corporate restructuring. The proposed merger also does not involve the transfer of EFC's Certificates because PaeTec holds its own certificates to provide intrastate interexchange alternative local exchange telecommunications services in the State of Florida. The proposed merger, therefore, is simply an intra corporate restructuring that, upon completion, will lead to the relinquishment of EFC's Certificates effective December 31, 2000.

In connection with the cancellation of its Certificates, the Parties agree to pay EFC's Regulatory Assessment Fee no later than thirty (30) days following completion of the merger.

C. Public Interest Considerations

This Commission has previously determined that PaeTec has the technical, managerial and financial abilities to provide telecommunications services in the State of Florida. In this regard, the Parties note that the officers and directors of PaeTec are also officers and directors of EFC. The Parties therefore assure the Commission that PaeTec possesses the necessary managerial qualifications to continue the provision of high quality telecommunications services to EFC's existing Florida customers following consummation of the merger.

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As described above, the intra corporate merger will be undertaken in a seamless fashion that will not adversely affect the provision of intrastate telecommunications services to Florida customers. Further, given that following the merger PaeTec will continue the provision of all of the telecommunications services that EFC currently provides to Florida customers with no adverse change in the rates or terms and conditions of service they currently enjoy, the proposed merger is not detrimental to the public interest. To the contrary, the Parties anticipate that the merger will benefit Florida customers because it will enable PaeTec Corp. to achieve economies of scale and efficiencies in operations, with opportunities to enhance service quality and expand service offerings.

D. Conclusion

As stated above, the Parties respectfully request expedited review and Commission approval, to the extent required, in order to permit them to complete the proposed intra corporate merger no later than December 31, 2000, and to relinquish EFC's certificates effective as of that date.

Please contact us if there any questions concerning these matters.

Respectfully submitted,



Grace R. Chiu
Jennifer Schneider

Counsel for the Parties

cc: Tom Williams (FL PSC)
Daniel J. Venuti, Esq. (PaeTec)

EXHIBIT A
***Pro Forma* Corporate Restructuring:**
Intra Corporate Merger of East Florida Comms. and PaeTec Comms.

