

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Uniform Cover and Calendar Sheet**

BTL

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1. <b>REPORT DATE:</b> May 7, 2003	2. <b>BUREAU AGENDA NO.:</b> MAY-2003-FUS-1339*
3. <b>BUREAU:</b> Fixed Utility Services	
4. <b>SECTION(S):</b> Finance/Tariffs	5. <b>PUBLIC MEETING DATE:</b>
6. <b>APPROVED BY:</b> Director: Rosenthal 3-5242 <i>RR</i> Manager: Wilson 3-6162 <i>BW</i> Legal Review by: <i>[Signature]</i>	<p align="center">May 2003  <b>DOCKETED</b>  JUN 25 2003</p>
7. <b>PERSONS IN CHARGE:</b> Glunz 5-4364 Staver 7-7703	
8. <b>DOCKET NO.:</b> A-311258; A-310287 F2000; A-310161 F2000	

9. (a) **CAPTION (abbreviate if more than 4 lines)**  
(b) **Short summary of history & facts, documents & briefs**  
(c) **Recommendation**
- (a) Joint Application for approval (a) for the transfer of assets of Broadwing Communications Services Inc. (Broadwing CSI) and Broadwing Telecommunications Inc. (Broadwing TI) to C III Communications Operations, LLC (C III Ops) and (b) for C III Ops to begin, and Broadwing CSI and Broadwing TI to abandon, the provision of telecommunications services.
- (b) Pursuant to a purchase agreement, C III Ops will acquire the broadband business of Broadwing CSI, including the assets and customers of Broadwing TI. C III Ops will adopt the tariffs of Broadwing CSI and Broadwing TI. The proposed asset transfer will be virtually transparent to customers in Pennsylvania.
- (c) The Bureau of Fixed Utility Services recommends that the Commission adopt the proposed Order approving the joint application.

10. **MOTION BY:** Commissioner Chm. Fitzpatrick

**SECONDED:** Commissioner Bloom

Commissioner Wilson - Yes  
Commissioner Thomas - Yes  
Commissioner Pizzigrilli - Yes

**CONTENT OF MOTION:** Staff recommendation adopted.



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

MAY 27, 2003

A-311258  
A-310287 F2000  
A-310161 F2000

DOCUMENT  
FOLDER

D P WILLIAMSON  
S E BRUCE  
C M BURAK  
MCNEES WALLACE & NURICK  
100 PINE STREET  
PO BOX 1166  
HARRISBURG PA 17108-1166

Joint Application for approval of the transfer of assets of Broadwing Communications Services, Inc., and Broadwing Telecommunications, Inc., to C III Communications Operations, LLC.; and, for approval of C III Communications Operations, LLC., for the right to begin to offer, render, furnish or supply telecommunication services as an Interexchange Toll Carrier, to the Public, in the Commonwealth of Pennsylvania.

Application of Broadwing Communications Services, Inc., and Broadwing Telecommunications, Inc., for the right of abandonment or discontinuance of telecommunication services in their certificated territories.

BTL

DOCKETED

JUN 16 2003

To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on May 22, 2003 has adopted an Order in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty  
Secretary

fg  
encls  
cert. mail

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**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held May 22, 2003

Commissioners Present:

Terrance J. Fitzpatrick, Chairman  
Robert K. Bloom, Vice Chairman  
Aaron Wilson, Jr.  
Glen R. Thomas  
Kim Pizzingrilli

**DOCKETED**  
JUN 16 2003

Joint Application for approval for:

- a) the transfer of assets of Broadwing Communications Services Inc. and Broadwing Telecommunications Inc. to C III Communications Operations, LLC;
- b) C III Communications Operations, LLC to begin the provision of services as an interexchange carrier;
- c) Broadwing Communications Services Inc. to abandon the provision of telecommunications service; and
- d) Broadwing Telecommunications Inc. to abandon the provision of telecommunications service

Docket Numbers:  
A-311258

A-310287 F2000

A-310161 F2000

**ORDER**

**BY THE COMMISSION:**

On March 26, 2003, Broadwing Communications Services Inc. (Broadwing CSI), Broadwing Telecommunications Inc. (Broadwing TI), C III Communications Operations, LLC (C III Ops) and C III Communications LLC (C III) filed the above-docketed joint application pursuant to Chapter 11 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§1101, *et seq.* The joint applicants seek Commission authority for: a) the transfer of assets of Broadwing CSI and Broadwing TI to C III Ops; b) C III Ops to begin the provision of services as an interexchange carrier; c) Broadwing CSI to abandon the

**DOCUMENT  
FOLDER**

provision of telecommunications service; and d) Broadwing TI to abandon the provision of telecommunications service. Pursuant to 52 Pa. Code §5.423, the applicants simultaneously filed a Petition for Protective Order for confidential treatment of certain proprietary information submitted in the context of the joint application.

The applicants provided proof of compliance with our regulations at 52 Pa. Code §5.14, relating to applications requiring notice. Further notice was not required and no protest period was established. No protests or comments have been received.

Broadwing TI is a wholly owned subsidiary of Broadwing CSI. Broadwing CSI is a wholly owned subsidiary of Broadwing Communications Inc., which in turn is a wholly owned subsidiary of Broadwing Inc. Broadwing Inc. is an integrated communications company comprised of Broadwing Communications Inc. and Cincinnati Bell.<sup>1</sup> Cincinnati Bell provides a wide range of telecommunications products and services to residential and business customers in Ohio, Kentucky, and Indiana. Upon closing of the proposed asset transfer, Broadwing Inc., Broadwing Communications Inc., Broadwing SCI and Broadwing TI will be renamed with a different name that does not include “Broadwing.”

Broadwing CSI is authorized to provide interexchange services pursuant to A-310287.<sup>2</sup> Broadwing CSI currently does not serve end-use customers but serves as a wholesale provider of service to other carriers. Broadwing TI is authorized to provide resold intrastate interexchange services pursuant to A-310161.<sup>3</sup> Broadwing TI currently resells Broadwing CSI’s long distance services to end-use customers.

C III Ops, a wholly owned subsidiary of C III, is a Maryland limited liability company with its principal place of business at 7015 Albert Einstein Drive, Columbia, MD

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<sup>1</sup> The proposed transaction does not involve the transfer of any of the assets of Cincinnati Bell.

<sup>2</sup> The authority granted pursuant to A-310287 was originally granted to IXC Long Distance, Inc., whose name was subsequently changed to IXC Communications Services, Inc., and then to Broadwing Communications Services Inc.

<sup>3</sup> The authority granted pursuant to A-310161 was originally granted to Network Long Distance, Inc., whose name was subsequently changed to Eclipse Telecommunications, Inc. and then to Broadwing Telecommunications Inc.

21046. C III Ops provided proof of compliance with 15 Pa. C.S. §4124, relating to foreign corporations. Corvis Corporation (Corvis), a provider of optical network solutions<sup>4</sup>, is the majority and controlling owner of C III. A privately held limited liability company, Cequel III (Cequel) owns less than one percent of C III.

C III Ops currently does not hold authorization to provide telecommunications services in Pennsylvania, however, through the instant joint application seeks authority to provide services as an interexchange carrier, both reseller and facilities-based throughout Pennsylvania. C III Ops proposes to operate as an Interexchange Toll Reseller, interLATA and/or intraLATA (*e.g.*, providing MTS, 1+, 800, WATS, Travel and Debit Card services) and as an Interexchange Toll Facilities-based carrier, interLATA and/or intraLATA (*e.g.*, providing MTS, 1+, 800, WATS, Travel and Debit Card services.)

On February 22, 2003, C III Ops and its parent, C III, entered into a purchase agreement with Broadwing CSI whereby Broadwing CSI would transfer to C III Ops, Broadwing CSI's entire broadband business. The assets to be transferred include the interstate and intrastate long distance and private line services as well as all of the assets and customers of Broadwing TI. Broadwing TI has approximately 5,859 customers in Pennsylvania. Broadwing CSI functions as a wholesale provider of capacity to 16 carrier customers in Pennsylvania, and does not provide service directly to end-use customers.

After the proposed asset transfer, C III Ops will adopt the tariffs of Broadwing CSI and Broadwing TI. Broadwing CSI and Broadwing TI will abandon the provision of telecommunications services in Pennsylvania and C III Ops will begin serving all existing Broadwing customers. Thus, the proposed transaction will not result in any change in the

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<sup>4</sup> Corvis Corporation designs, manufactures and sells high performance all-optical and electrical/optical communications systems. These products include ultra-long distance optical signal transmission, reception and amplification equipment, all-optical and electrical/optical switching equipment and software that enable the creation of optical backbone networks.

terms, conditions, or price of service to the current customers of Broadwing CSI and Broadwing TI. Broadwing customers will be notified by letter of the change in providers.

Upon the closing of the transaction, C III Ops will be renamed “Broadwing Communications, LLC”. Such name change will become effective upon the filing of a tariff adoption supplement by C III Ops reflecting a name change approved by the Pennsylvania Department of State. Thus, the transaction will be effectively transparent to customers in Pennsylvania.

C III Ops will retain all of Broadwing CSI’s existing employees; Broadway TI does not retain separate employees. The ultimate owners of C III Ops, Corvis and Cequel, will also provide managerial, financial, and technical input to C III Ops’ operations.

The joint applicants submit that approval of the asset transfer will allow the new owners to provide additional financial resources to the Broadwing entities. Further, the network that will be transferred to C III Ops is primarily designed around Corvis equipment, thus Corvis’ technical expertise will be available to support the network. These advantages ensure that the transfer of control provides an affirmative public benefit and satisfies the standard set by the *City of York v. Pa. P.U.C.*, 449 Pa. 136, 295 A.2d 825 (1972).

We conclude that the transfer of assets and the abandonment of service of Broadwing CSI and Broadwing TI are necessary or proper for the service, accommodation, convenience, or safety of the public. We further conclude that C III Ops has met the requirements for certification as an interexchange carrier and that the proposed services do not raise concerns at this time regarding safety, adequacy, reliability, or privacy as contemplated; and that the joint application should be approved; **THEREFORE,**

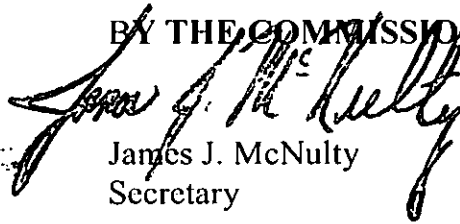
**IT IS ORDERED:**

1. That the joint application at A-311258 for the transfer of the assets of Broadwing Communications Services Inc. and Broadwing Telecommunications Inc. to C III Communications Operations, LLC, and for C III Communications Operations, LLC to begin the provision of services as an interexchange carrier, is hereby approved.
2. That the application at A-310287 F2000 of Broadwing Communications Services Inc. to abandon the provision of telecommunications service is hereby approved.
3. That the application at A-310161 F2000 of Broadwing Telecommunications Inc. to abandon the provision of telecommunications service is hereby approved.
4. That within 30 days following consummation of transaction described in Ordering Paragraph No. 1, above, C III Communications Operations, LLC shall notify this Commission of the effective date of the asset transfer and shall file a tariff supplement notice adopting the terms, conditions, and rates of the existing tariffs of Broadwing Communications Services Inc. and Broadwing Telecommunications Inc., effective on one day's notice.
5. That upon receipt of the tariff adoption supplements as required under Ordering Paragraph No. 4, above: a) certificates of public convenience be issued evidencing the approvals granted in Ordering Paragraph Nos. 1, 2, and 3, above; b) the Secretary's Office shall mark as closed all records with respect to Broadwing Communications Services Inc. at A-310287 and Broadwing Telecommunications Inc. at A-310161; and c) the Bureau of Administrative Services shall delete Broadwing Communications Services Inc. and Broadwing Telecommunications Inc. from the active utility list.

6. That if the applicants come to determine that the instant transaction will not occur, Broadwing Communications Services Inc. and Broadwing Telecommunications Inc. shall promptly file with this Commission notice of such determination.

7. That a copy of this Order be served on the Department of Revenue, Bureau of Corporation Taxes.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "James J. McNulty", is written over the typed name and title.

James J. McNulty  
Secretary

(SEAL)

ORDER ADOPTED: May 22, 2003

ORDER ENTERED: **MAY 27 2003**