

BINGHAM

Jean L. Kiddoo
Danielle Burt
jean.kiddoo@bingham.com
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April 1, 2010

Via Overnight Delivery

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Second Floor - Room N201
Harrisburg, PA 17120

Re: Application of RCN Telecom Services (Lehigh) LLC for Approval to offer, render, furnish or supply interexchange, competitive local exchange, and competitive access provider telecommunications services to the public in the Commonwealth of Pennsylvania

Dear Mr. McNulty:

Enclosed for filing are an original and three (3) copies of the above-referenced Application. Also enclosed is a check in the amount of \$250.00 to cover the requisite filing fee.

Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, postage prepaid envelope. Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,



Jean Kiddoo
Danielle C. Burt

cc: Gail Wickwire (PA PUC)

Boston
Hartford
Hong Kong
London
Los Angeles
New York
Orange County
San Francisco
Santa Monica
Silicon Valley
Tokyo
Washington

Bingham McCutchen LLP
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Washington, DC
20006-1806

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A/73339685.1

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APR 01 2010

PA:PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Application of:

RCN Telecom Services (Lehigh) LLC , t/a _____,

for approval to offer, render, furnish or supply telecommunications services to the public in the Commonwealth of Pennsylvania.

1. IDENTITY OF THE APPLICANT: The name, address, telephone number, and fax number of the Applicant.

RCN Telecom Services (Lehigh) LLC ("RCN Lehigh")
196 Van Buren Street, Suite 300
Herndon, VA 20170
Tel: (610) 438-0119
Fax: (703) 434-8184

Please identify any predecessors of the Applicant and provide other names under which the Applicant has operated within the preceding five years, including name, address, and telephone number.

As explained in response to Question 16 below, RCN Lehigh is a newly-formed Delaware limited liability company created specifically to be merged with RCN Telecom Services, Inc., with RCN Lehigh being the surviving entity. RCN Telecom Services, Inc. can be reached at:

RCN Telecom Services, Inc.
196 Van Buren Street, Suite 300
Herndon, VA 20170
Tel: (610) 438-0119
Fax: (703) 434-8184

2. ATTORNEY: The name, address, telephone number, and fax number of the Applicant's attorney.

Jean L. Kiddoo
Danielle C. Burt
Bingham McCutchen LLP
2020 K St., N.W.
Washington, DC 20006
Phone: (202) 373-6034
Fax: (202) 373-6001
jean.kiddoo@bingham.com
danielle.burt@bingham.com

3. CONTACTS:

A) APPLICATION: The name, title, address, telephone number, and fax number of the person to whom questions about this application should be addressed.

Jean L. Kiddoo
Danielle C. Burt
Bingham McCutchen LLP
2020 K St., N.W.
Washington, DC 20006
Phone: (202) 373-6034
Fax: (202) 373-6001
jean.kiddoo@bingham.com
danielle.burt@bingham.com

with copies to:

Joseph Kahl
Sr. Director, Regulatory and External Affairs
RCN Corporation
196 Van Buren Street, Suite 300
Herndon, VA 20170
Tel: (610) 438-0119
Fax: (703) 434-8184
Email: joe.kahl@rcn.net

B) PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY (PEMA): The name, title, address, telephone number and FAX number of the person with whom contact should be made by PEMA (Pennsylvania Emergency Management Agency).

Randy Nungester
VP General Manager
RCN Corporation
2421 Avenue C
Bethlehem, PA 18017
Tel: 610-419-2923
Fax: 610-419-0941
Email: Randy.nungester@rcn.net

C) RESOLVING COMPLAINTS: Name, address, telephone number, and FAX number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints and queries filed with the Public Utility Commission or other agencies.

Marie Lew
Senior Regulatory Compliance Analyst
RCN Corporation
1849 Butler Street
Easton, PA 18042
Tel: 610-438-0128
Fax: 703-434-8184
Email: marie.lew@rcn.net
regulatory.complaints@rcn.net

Trudy Longnecker
Tariff and Compliance Sr. Manager
RCN Corporation
196 Van Buren Street, Suite 300
Herndon, VA 20170
Tel: 312-955-4678
Fax: 703-434-8184
Email: trudy.longnecker@rcn.net

4. FICTITIOUS NAME:

The Applicant will not be using a fictitious name.

The Applicant will be using a fictitious name. Attach to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

5. BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:

The Applicant is a sole proprietor.

The Applicant is a:

General partnership

Domestic limited partnership (15 Pa. C.S. §8511)

*Foreign limited partnership (15 Pa. C.S. §8582)

Domestic registered limited liability partnership (15 Pa. C.S. §8201)

*Foreign registered limited liability general partnership (15 Pa. C.S. §8211)

*Provide name and address of Corporate Registered Office Provider or Registered Office within PA.

Attach to the application the name and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

Attach to the application proof of compliance with appropriate Department of State filing requirements as indicated above.

5. (Continued)

The Applicant is a:

- Domestic corporation (15 Pa. C.S. §1306)
- *Foreign corporation (15 Pa. C.S. §4124)
- Domestic limited liability company (15 Pa. C.S. §8913)
- *Foreign limited liability company (15 Pa. C.S. §8981)

***Provide name and address of Corporate Registered Office Provider or Registered Office within PA.**

The name and address of RCN's registered agent is:

CT Corporation System
1515 Market Street, Suite 1210
Philadelphia, PA 19102

Attach proof of compliance with appropriate Department of State filing requirements as indicated above. Additionally, provide a copy of the Applicant's Articles of Incorporation or a Certificate of Organization.

Please see Exhibit A for RCN Lehigh's Certificate of Formation and Exhibit B for RCN Lehigh's Certificate of Authority to Transact Business in Pennsylvania.

The Applicant is organized in the State of Delaware as an LLC.

Give name and address of officers:

Officers:

Peter D. Aquino, President and Chief Executive Officer
Michael T. Sicoli, Executive Vice President and Chief Financial Officer
Jennifer C. McGarey, Vice President, Human Resources and General Counsel
Richard Ramlall, Senior Vice President, Strategic External Affairs and Programming

All officers can be reached at RCN Lehigh's principal address.

6. AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:

- The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.
- The Applicant has affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania. Name and address of the affiliates. State whether they are jurisdictional public utilities. Give docket numbers for the authority of such affiliates.

If the Applicant or an affiliate has predecessors who have done business within Pennsylvania, give name and address of the predecessors and state whether they were jurisdictional public utilities. Give the docket numbers for the authority of such predecessors.

In Pennsylvania, RCN Corporation's operating subsidiaries are RCN Telecom Services, Inc. ("RCN TS"), RCN Telecom Services of Philadelphia, Inc. ("RCN Philadelphia Inc."), RCN New York Communications, LLC ("RCN NY"), and NEON Connect, Inc. ("NEON"). RCN TS is authorized to provide local exchange and interexchange telecommunications services, and is a Competitive Access Provider pursuant to Docket No. A-310554F002 issued on October 8, 1997, Docket No. A-310554F003 issued on May 21, 1998, and Docket No. A-310554F002AMA issued on April 13, 2007, respectively. RCN Philadelphia Inc. is authorized to provide local exchange and interexchange telecommunications services and as a Competitive Access Provider pursuant to Docket Nos. A-310555F002 and A-310555F0003 issued on March 31, 1999. RCN NY is authorized as a Competitive Access Provider pursuant to Docket No. A-311029 issued on February 21, 2001. NEON was granted provisional authority on May 19, 2006, and its permanent authority is pending in Docket No. A-311317F0002.

All affiliates can be reached at: 196 Van Buren Street, Suite 300, Herndon, VA 20170.

7. AFFILIATES AND PREDECESSORS RENDERING PUBLIC UTILITY SERVICE OUTSIDE PENNSYLVANIA: Where does Parent Co provide service?

- The Applicant has no affiliates rendering or predecessors which rendered public utility service outside Pennsylvania.
- The Applicant has affiliates rendering or predecessors which rendered public utility service outside Pennsylvania. Name and address of the affiliates and predecessors (please identify affiliates versus predecessors).

The following affiliates of Applicant are rendering public utility services outside Pennsylvania:

RCN Telecom Services, Inc., RCN-BecoCom, Inc., RCN Telecom Services of Illinois, LLC, RCN New York Communications, LLC, Starpower Communications LLC, NEON Connect, Inc., NorthEast Optic Network of New York, Inc., NorthEast Optic Network of Connecticut, Inc., and NEON Virginia Connect, LLC.

All affiliates can be reached at: 196 Van Buren Street, Suite 300, Herndon, VA 20170.

8. APPLICANT'S PRESENT OPERATIONS: (Select and complete the appropriate statement)

- The applicant is not presently doing business in Pennsylvania as a public utility.
- The applicant is presently doing business in Pennsylvania as a:
 - Interexchange Toll Reseller, InterLATA and/or IntraLATA, (e.g., MTS, 1+, 800, WATS, Travel and Debit Cards)
 - Interexchange Toll Facilities-based carrier, InterLATA and/or IntraLATA, (e.g., MTS, 1+, 800, WATS, Travel and Debit Cards)
 - Competitive Access Provider (dedicated point-to-point or multipoint service; voice or data)
 - Competitive Local Exchange Carrier:
 - Facilities-Based
 - UNE-P
 - Data Only
 - Reseller
 - Incumbent Local Exchange Carrier.
 - Other (Identify).

9. APPLICANT'S PROPOSED OPERATIONS: The Applicant proposes to operate as:

- Interexchange Toll Reseller, InterLATA and/or IntraLATA, (e.g., MTS, 1+, 800, WATS, Travel and Debit Cards)
- Interexchange Toll Facilities-based carrier, InterLATA and/or IntraLATA, (e.g., MTS, 1+, 800, WATS, Travel and Debit Cards)
- Competitive Access Provider (dedicated point-to-point or multipoint service; voice or data)
- Competitive Local Exchange Carrier:
 - Facilities-based
 - UNE-P
 - Data Only
 - Reseller
- Incumbent Local Exchange Carrier
- Other (Identify).

- 10. PROPOSED SERVICES: Describe in detail the services which the Applicant proposes to offer. If proposing to provide more than one category in Item #9, clearly and separately delineate the services within each proposed operation. If proposing to operate as a facilities-based Competitive Local Exchange Carrier, provide a brief description of the Company's facilities.**

RCN Lehigh intends to provide a range of facilities-based and resold interexchange and local exchange telecommunications services, which may include basic local exchange services and various ancillary services such as custom calling features. RCN Lehigh will also provide competitive access services, including private line and bandwidth transmission services. RCN Lehigh will comply with all applicable Commission rules, regulations and standards, and will provide safe, reliable and high-quality telecommunications services in Pennsylvania. RCN Lehigh's facilities will include the fiber-optic facilities RCN Telecom Services, Inc already uses to provide telecommunication services and may also include switches located in Pennsylvania.

RCN Lehigh is currently part of RCN Corporation ("RCN")'s operating group that provides fiber-based bandwidth products to other carriers, business and enterprise customers. RCN is one of the largest facilities-based competitive providers of bundled phone, cable and high speed Internet services delivered over its own fiber-optic local network to consumers in the most densely populated markets in the United States. RCN has subsidiaries authorized to provide telecommunications services in Connecticut, Delaware, District of Columbia, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and Virginia.

- 11. SERVICE AREA: Describe the geographic service area in which the Applicant proposes to offer services. Clearly and separately delineate the service territory for each category listed in Item #9. For Competitive Local Exchange Carrier operations, you must name and serve the Incumbent Local Exchange Carriers in whose territory you request authority.**

RCN Lehigh seeks authority to provide facilities-based and resold local exchange in the service territories of Verizon Pennsylvania, Inc. ("Verizon-PA"), Verizon North, Inc. ("Verizon-NE"), Commonwealth Telephone Company ("Commonwealth"), Ironton Telephone Company ("Ironton"), and Palmerton Telephone Company ("Palmerton").

RCN Lehigh seeks authority to provide interexchange and competitive access services statewide.

- 12. MARKET: Describe the customer base to which the Applicant proposes to market its services. Clearly and separately delineate a market for each category listed in Item #9.**

Interexchange Services: Residential, business and enterprise customers.

Competitive Local Exchange Carrier: Residential, business and enterprise customers.

Competitive Access Provider: Business and enterprise customers.

- 13. PROPOSED TARIFF(S):** Each category of proposed operations must have a separate and distinct proposed tariff setting forth the rates, rules and regulations of the Applicant. Every proposed tariff shall state on its cover page the nature of the proposed operations described therein, i.e., IXC Reseller, CLEC, CAP, or IXC Facilities-based. A copy of all proposed tariffs must be appended to each original and duplicate original and copy of Form 377.

RCN Lehigh proposes to adopt the interexchange, CLEC, Switched Access, and CAP tariffs of RCN Telecom Services, Inc. Attached hereto as Exhibit C are tariff adoptions.

- 14. FINANCIAL:** *Attach the following to the Application:*

A general description of the Applicant's capitalization and, if applicable, its corporate stock structure;

Current balance sheet, Income Statement, and Cash Flow Statement of Applicant or Affiliated Company, if relying on affiliate for financial security;

A tentative operating balance sheet and a projected income statement for the first year of operation within the Commonwealth of Pennsylvania; provide the name, title, address, telephone number and fax number of the Applicant's custodian for its accounting records and supporting documentation; and indicate where the Applicant's accounting records and supporting documentation are, or will be, maintained.

If available, include bond rating, letters of credit, credit reports, insurance coverage and reports, and major contracts.

RCN Lehigh is a wholly owned subsidiary of RCN Telecom Services, LLC. RCN Telecom Services, LLC is currently wholly owned by RCN Corporation.

RCN Lehigh is well-qualified financially to operate within Pennsylvania. Applicant possesses the requisite financial resources to provide all forms of resold and facilities-based interexchange and local exchange telecommunications services. In support of Applicant's financial qualification, financial information for RCN Corporation is provided as Exhibit D. Therefore, as shown in the attached information, Applicant is financially qualified to operate within Pennsylvania.

RCN Lehigh will maintain records at its headquarters in Herndon, Virginia. The custodian for its accounting records and supporting documentation is Leslie Sears, Senior Vice President and Controller, RCN Corporation, 196 Van Buren Street, Suite 300, Herndon, VA 20170, Tel: 703-434-8364, Fax: 703-434-8297. Applicant keeps nationwide balance sheets and income statements. Thus,

Applicant cannot project a Pennsylvania-specific balance sheet and income statement for the first year of operations.

15. START DATE: The Applicant proposes to begin offering services within a year.

16. FURTHER DEVELOPMENTS: Attach to the Application a statement of further developments, planned or contemplated, to which the present Application is preliminary or with which it forms a part, together with a reference to any related proceeding before the Commission.

RCN Lehigh is a newly-formed Delaware limited liability company created specifically to be merged with RCN Telecom Services, Inc., with RCN Lehigh being the surviving entity. This *pro forma* merger is a preliminary pre-acquisition intracompany reorganization step required prior to the transfer of control of RCN Corporation to Yankee Cable Acquisition, LLC. ("Transaction"). An application for approval of the Transaction, dated March 18, 2010, is pending before the Commission, although a Docket No. has not yet been assigned. An application to register a Securities Certificate is also pending in Docket No. S-2010-2164885. The information provided in this application is current as of the date hereof.

17. NOTICE: Pursuant to 52 Pa. Code §5.14, you are required to serve a copy of the signed and verified Application, with attachments, on the below-listed parties, and file proof of such service with this Commission:

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Office of Attorney General
Office of Consumer Protection
Strawberry Square
Harrisburg, PA 17120

A certificate of service must be attached to the Application as proof of service that the Application has been served on the above-listed parties. A copy of any Competitive Local Exchange Carrier Application must also be served on any and/or all Incumbent Local Exchange Carrier(s) in the geographical area where the Applicant proposes to offer services.

A Certificate of Service is attached to this Application.

18. FEDERAL TELECOMMUNICATIONS ACT OF 1996: State whether the Applicant claims a particular status pursuant to the Federal Telecommunications Act of 1996. Provide supporting facts.

Not applicable.

19. **COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, limited to proceedings dealing with business operations in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.

Applicant, its parent company and persons identified in this Application have not been convicted of any criminal or fraudulent activity. In the last five years, the Applicant, an affiliate, a predecessor of either, or a person identified herein has been involved in litigation in the ordinary course of business. More information about such litigation will be provided upon request.

20. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.

This Application complies with 18 Pa. C.S. §§4903 and 4904.

21. **CESSATION:** The Applicant understands that if it plans to cease doing business within the Commonwealth of Pennsylvania, it is under a duty to request authority from the Commission for permission prior to ceasing business.

The Applicant understands the duty to request authority from the Commission for permission prior to ceasing business and agrees to comply with this duty.

Applicant: RCN Telecom Services (Lehigh) LLC

By: 
Richard Ramlall

Title: Senior Vice President, Strategic
External Affairs and Programming

22. **AFFIDAVIT:** Attach to the Application an affidavit as follows:

AFFIDAVIT

State of Virginia :
: ss.
County of Fairfax :

Richard Ramlall, Affiant, being duly sworn/affirmed according to law, deposes and says that:

Affiant is the Senior Vice President, Strategic External Affairs and Programming of RCN Telecom Services (Lehigh) LLC;

That Affiant is authorized to and does make this affidavit for said corporation;

That RCN Telecom Services (Lehigh) LLC, the Applicant herein, acknowledges that it may have an obligation to serve or to continue to serve the public by virtue of the Applicant commencing the rendering of service pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; with the Federal Telecommunications Act of 1996, signed February 6, 1996, or with other applicable statutes or regulations;

That RCN Telecom Services (Lehigh) LLC, the Applicant herein, asserts that Applicant possesses the requisite technical, managerial, and financial fitness to render public utility service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That RCN Telecom Services (Lehigh) LLC, the Applicant herein, asserts that Applicant has contacted the appropriate 911 Coordinator(s) via certified letter, from the list provided from the PUC web site (<http://www.puc.paonline.com>), and that arrangements are under way for the provisioning of emergency 911 service in each of the Counties/Cities where service is to be provided. The Affiant certifies Applicant has attached a copy of the 911 Coordinator list indicating each 911 Coordinator contacted.

That the facts above set forth are true and correct to the best of Affiant's knowledge, information and belief, and that Affiant expects said entity to be able to prove the same at any hearing thereof.

Richard Ramlall

Signature of Affiant

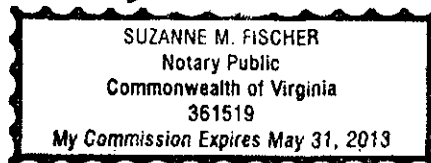
Sworn and subscribed before me this 1st day of

April Month, 2010 Year

Suzanne M. Fischer

Signature of official administering oath

My Commission expires May 31, 2013



23. §1.36 Verification.

Verification

I, Richard Ramlall, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief), and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

4/1/10
Date

Richard Ramlall
Signature

LIST OF EXHIBITS

- Exhibit A - Certificate of Formation
- Exhibit B - Authority to Transact Business
- Exhibit C - Tariff Adoption
- Exhibit D - RCN Corporation Financial Statements
- Exhibit E - 911 Coordinator list indicating each 911 Coordinator contacted and Sample Letter

Exhibit A
Certificate of Formation

Delaware

PAGE 1

The First State

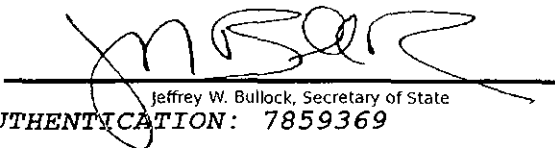
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "RCN TELECOM SERVICES (LEHIGH) LLC", FILED IN THIS OFFICE ON THE NINTH DAY OF MARCH, A.D. 2010, AT 4:07 O'CLOCK P.M.

4797337 8100

100261997



You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 7859369

DATE: 03-10-10

**CERTIFICATE OF FORMATION
OF
RCN TELECOM SERVICES (LEHIGH) LLC**

Pursuant to 6 Del. C. § 18-201

1. The name of the limited liability company is RCN Telecom Services (Lehigh) LLC.
2. The address of the registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle. The name of the registered agent at such address is The Corporation Trust Company.
3. The term of the limited liability company shall be perpetual.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation this 9th day of March, 2010.

/s/ Michael L. Whitchurch

Michael L. Whitchurch
Authorized Person

Exhibit B
Authority to Transact Business

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Application for Registration - Foreign

(15 Pa.C.S.)

- Registered Limited Liability General Partnership (§ 8211)
 Registered Limited Liability Limited Partnership (§ 8211)
 Limited Partnership (§ 8582)
 Limited Liability Company (§ 8981)

Name			
Address	ST CORP-COUNTER		
City	State	Zip Code	
7789187	SO PA		

Document will be returned to the name and address you enter to the left.



Fee: \$250

In compliance with the requirements of the applicable provisions (relating to registration), the undersigned, desiring to register to do business in this Commonwealth, hereby states that:

1. The name to be registered is:
RCN Telecom Services (Lehigh) LLC

2. (If the name set forth in paragraph 1 is not available for use in this Commonwealth, complete the following):

The name under which the limited liability company limited liability partnership limited partnership proposes to register and do business in this Commonwealth is:

3. The name of the jurisdiction under the laws of which it was organized and the date of its formation:

Jurisdiction: Delaware Date of Formation: March 9, 2010

4. The (a) address of its initial registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and street City State Zip County

(b) Name of Commercial Registered Office Provider
C T Corporation System

County
Dauphin



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PA DEPT OF STATE

5. Check and complete one of the following:

The address of the office required to be maintained by it in the jurisdiction of its organization by the laws of that jurisdiction is:

Number and street	City	State	Zip
<input checked="" type="checkbox"/> It is not required by the laws of its jurisdiction of organization to maintain an office therein and the address of its principal office is:			
196 Van Buren Street, Herndon, Virginia 20170			
Number and street	City	State	Zip

6. For Restricted Professional Limited Liability Company Only. Strike out if inapplicable: The company is a restricted professional company organized to render the following professional service(s):

N/A

Limited Liability Partnership and Limited Partnership: Complete paragraphs 7 and 8

7. The name and business address of each general partner.

Name	Business Address

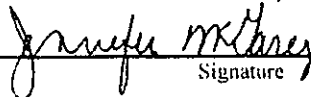
8. The address of the office at which is kept a list of the names and addresses of the limited partners and their capital contribution is:

Number and street	City	State	Zip	County
The registered partnership hereby undertakes to keep those records until its registration to do business in the Commonwealth is canceled or withdrawn.				

IN TESTIMONY WHEREOF, the undersigned has caused this Application for Registration to be signed by a duly authorized officer/member or manager thereof this

9th day of March, 2010

RCN Telecom Services (Lehigh) LLC
Name of Partnership/Company


Signature

Jennifer McGarey, VP of RCN Corporation, Member
Title

Exhibit C
Tariff Adoption

Adoption Supplement No. 1

RCN Telecom Services, Inc. (Seller)
(A-310554)

Tariff - Telephone PA. P.U.C. No. 1

RCN Telecom Services (Lehigh), LLC (Buyer)
(A-)

Tariff - Telephone PA. P.U.C. No. 1

RCN Telecom Services (Lehigh), LLC, hereby adopts as its Tariff - Telephone - PA P.U.C, No. 1 that tariff presently in effect for RCN Telecom Services, Inc. designated as Tariff - Telephone - PA P.U.C. No. 1 and all Supplements thereto.

BY: _____
Trudy M. Longnecker

Tariff and Compliance, Sr. Manager

RCN Telecom Services, Inc. hereby withdraws its Tariff Telephone - PA P.U.C. No. 1 and all Supplements thereto.

BY: _____
Trudy M. Longnecker

Tariff and Compliance, Sr. Manager

ISSUED:

EFFECTIVE:

Adoption Supplement No. 1

RCN Telecom Services, Inc. (Seller)
(A-310554)

Tariff - Telephone PA. P.U.C. No. 2

RCN Telecom Services (Lehigh), LLC (Buyer)
(A-)

Tariff - Telephone PA. P.U.C. No. 2

RCN Telecom Services (Lehigh), LLC, hereby adopts as its Tariff - Telephone - PA P.U.C, No. 2 that tariff presently in effect for RCN Telecom Services, Inc. designated as Tariff - Telephone - PA P.U.C. No. 2 and all Supplements thereto.

BY: _____
Trudy M. Longnecker

Tariff and Compliance, Sr. Manager

RCN Telecom Services, Inc. hereby withdraws its Tariff Telephone - PA P.U.C. No. 2 and all Supplements thereto.

BY: _____
Trudy M. Longnecker

Tariff and Compliance, Sr. Manager

ISSUED:

EFFECTIVE:

Adoption Supplement No. 1

RCN Telecom Services, Inc. (Seller)
(A-310554)

Tariff - Telephone PA. P.U.C. No. 4

RCN Telecom Services (Lehigh), LLC (Buyer)
(A-)

Tariff - Telephone PA. P.U.C. No. 3

RCN Telecom Services (Lehigh), LLC, hereby adopts as its Tariff - Telephone - PA P.U.C, No. 3 that tariff presently in effect for RCN Telecom Services, Inc. designated as Tariff - Telephone - PA P.U.C. No. 4 and all Supplements thereto.

BY: _____
Trudy M. Longnecker

Tariff and Compliance, Sr. Manager

RCN Telecom Services, Inc. hereby withdraws its Tariff Telephone - PA P.U.C. No. 4 and all Supplements thereto.

BY: _____
Trudy M. Longnecker

Tariff and Compliance, Sr. Manager

ISSUED:

EFFECTIVE:

Adoption Supplement No. 1

RCN Telecom Services, Inc. (Seller)
(A-310554)

Tariff - Telephone PA. P.U.C. No. 5

RCN Telecom Services (Lehigh), LLC (Buyer)
(A-)

Tariff - Telephone PA. P.U.C. No. 4

RCN Telecom Services (Lehigh), LLC, hereby adopts as its Tariff - Telephone - PA P.U.C, No. 4 that tariff presently in effect for RCN Telecom Services, Inc. designated as Tariff - Telephone - PA P.U.C. No. 5 and all Supplements thereto.

BY: _____
Trudy M. Longnecker

Tariff and Compliance, Sr. Manager

RCN Telecom Services, Inc. hereby withdraws its Tariff Telephone - PA P.U.C. No. 5 and all Supplements thereto.

BY: _____
Trudy M. Longnecker

Tariff and Compliance, Sr. Manager

ISSUED:

EFFECTIVE:

Exhibit D

RCN Corporation Financial Statements

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REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS

The Board of Directors and Stockholders
RCN Corporation
Herndon, Virginia

We have audited the accompanying consolidated balance sheet of RCN Corporation and subsidiaries (the "Company") as of December 31, 2009 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. In connection with our audit of the financial statements, we have also audited the financial statement schedule listed in the accompanying index. The financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RCN Corporation and subsidiaries at December 31, 2009, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), RCN Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 9, 2010 expressed an unqualified opinion thereon.

/s/ BDO Seidman, LLP

Bethesda, Maryland

March 9, 2010

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of RCN Corporation
Herndon, Virginia

We have audited the accompanying consolidated balance sheet of RCN Corporation and subsidiaries (the "Company") as of December 31, 2008 and the related statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2008 and 2007. In connection with our audit of the financial statements, we have also audited the financial statement schedule listed in the accompanying index. The Company's management is responsible for these financial statements and schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these financial statements and financial schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RCN Corporation and subsidiaries as of December 31, 2008 and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ Friedman LLP
East Hanover, New Jersey
February 24, 2009

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RCN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share and per share data)

	<u>Year Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues	\$ 763,770	\$ 739,243	\$ 636,097
Costs and expenses:			
Direct expenses	275,240	264,219	224,770
Selling, general and administrative (including stock-based compensation of \$10,228, \$13,335 and \$33,206)	279,916	294,100	288,426
Exit costs and restructuring charges	575	2,314	8,194
Depreciation and amortization	193,273	198,915	196,066
Operating income (loss)	<u>14,766</u>	<u>(20,305)</u>	<u>(81,359)</u>
Investment income	395	2,880	9,424
Interest expense	(42,344)	(53,301)	(34,510)
Loss on early extinguishment of debt	—	—	(63,795)
Other expense, net	<u>(363)</u>	<u>—</u>	<u>(451)</u>
Loss from continuing operations before taxes	(27,546)	(70,726)	(170,691)
Income tax expense (benefit)	<u>1,072</u>	<u>—</u>	<u>(1,049)</u>
Net loss from continuing operations	<u>(28,618)</u>	<u>(70,726)</u>	<u>(169,642)</u>
Income from discontinued operations, net of tax	—	—	1,684
Gain on sale of discontinued operations, net of tax	—	—	15,921
Net loss	<u>\$ (28,618)</u>	<u>\$ (70,726)</u>	<u>\$ (152,037)</u>
Net loss per common share:			
Basic and diluted:			
Loss from continuing operations	\$ (0.80)	\$ (1.91)	\$ (4.58)
Income from discontinued operations	—	—	0.05
Gain on sale of discontinued operations	—	—	0.43
Net loss	<u>\$ (0.80)</u>	<u>\$ (1.91)</u>	<u>\$ (4.11)</u>
Weighted average shares outstanding, Basic and Diluted	<u>35,632,786</u>	<u>36,981,078</u>	<u>37,033,456</u>

The accompanying notes are an integral part of these consolidated financial statements.

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RCN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 71,808	\$ 10,778
Short-term investments	15,135	52,906
Accounts receivable, net of allowance for doubtful accounts of \$6,932 and \$3,770	65,734	63,597
Prepayments and other current assets	14,727	11,446
Total current assets	<u>167,404</u>	<u>138,727</u>
Property, plant and equipment, net of accumulated depreciation of \$839,998 and \$672,821	654,678	718,026
Goodwill	15,479	15,479
Intangible assets, net of accumulated amortization of \$84,720 and \$78,567	106,164	112,317
Long-term restricted investments	11,666	15,371
Deferred charges and other assets	15,060	16,843
Total assets	<u>\$ 970,451</u>	<u>\$ 1,016,763</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 25,667	\$ 37,752
Advanced billings and customer deposits	33,908	34,246
Accrued expenses and other	56,472	53,754
Accrued employee compensation and related expenses	18,289	18,351
Accrued exit costs	2,093	2,746
Current portion of long-term debt and capital lease obligations	25,947	7,352
Total current liabilities	<u>162,376</u>	<u>154,201</u>
Long-term debt and capital lease obligations, net of current maturities	709,308	735,255
Other long-term liabilities	90,633	110,936
Total liabilities	<u>962,317</u>	<u>1,000,392</u>
Commitments and contingencies		
Stockholders' Equity:		
Common stock, par value \$0.01 per share, 100,000,000 shares authorized, 35,616,512 and 36,631,222 shares issued and outstanding	356	366
Additional paid in capital	454,215	451,152
Treasury stock, 404,339 and 276,471 shares at cost	(6,366)	(5,702)
Accumulated deficit	(403,037)	(374,419)
Accumulated other comprehensive loss	(37,034)	(55,026)
Total stockholders' equity	<u>8,134</u>	<u>16,371</u>
Total liabilities and stockholders' equity	<u>\$ 970,451</u>	<u>\$ 1,016,763</u>

The accompanying notes are an integral part of these consolidated financial statements.

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RCN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Year Ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net loss	\$ (28,618)	\$ (70,726)	\$ (152,037)
Income from discontinued operations, net of tax	—	—	(1,684)
Gain on sale of discontinued operations	—	—	(15,921)
Net loss from continuing operations	(28,618)	(70,726)	(169,642)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Non-cash stock-based compensation expense	10,228	13,335	33,206
Loss on early extinguishment of debt	—	—	63,795
Amortization of debt issuance costs	1,687	1,685	740
Deferred income taxes, net	764	—	(1,049)
Depreciation and amortization	193,273	198,915	196,066
Provision for doubtful accounts	16,387	16,384	10,880
Exit costs and restructuring charges	84	(2,699)	2,460
Net change in certain assets and liabilities, net of business acquisitions:			
Accounts receivable and unpaid revenues	(18,933)	(13,305)	(12,560)
Accounts payable and accrued expenses	(17,142)	(117)	(13,744)
Advanced billing and customer deposits	(1,868)	(7,670)	338
Other assets and liabilities	(2,945)	4,169	(1,802)
Net cash provided by continuing operations	152,917	139,971	108,688
Cash provided by discontinued operations	—	—	476
Net cash provided by operating activities	152,917	139,971	109,164
Cash flows from investing activities:			
Additions to property, plant and equipment	(118,255)	(143,252)	(115,510)
Investment in acquisitions and intangibles, net of cash acquired	—	—	(261,843)
Decrease (increase) in short-term investments	37,841	(7,144)	12,268
Proceeds from sales of property, plant and equipment	974	1,850	1,955
Proceeds from sale of discontinued operations and other assets	—	2,500	46,877
Decrease in restricted investments	3,705	7,396	754
Net cash used in continuing operations	(75,735)	(138,650)	(315,499)
Cash used in discontinued operations	—	—	(243)
Net cash used in investing activities	(75,735)	(138,650)	(315,742)
Cash flows from financing activities:			
Payments of long-term debt, including debt premium and capital lease obligations	(7,352)	(7,338)	(219,480)
Payment of debt issuance cost	(16)	(67)	(13,944)
Proceeds from bank debt	—	5,000	745,000
Dividend payments	(819)	(1,613)	(348,380)
Proceeds from the exercise of stock options	—	397	5,793
Cost of common shares repurchased	(7,301)	(7,722)	(3,639)
Purchase of treasury stock	(664)	(993)	(3,321)
Net cash (used in) provided by financing activities	(16,152)	(12,336)	162,029
Net increase (decrease) in cash and cash equivalents	61,030	(11,015)	(44,549)
Cash and cash equivalents at beginning of period	10,778	21,793	66,342
Cash and cash equivalents at end of period	\$ 71,808	\$ 10,778	\$ 21,793

The accompanying notes are an integral part of these consolidated financial statements.

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RCN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
 (Dollars in thousands, except share and per share data)

	Common Stock Class A Shares	Common Stock Class A	Additional Paid in Capital	Treasury Stock Shares	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance December 31, 2006	37,455,912	\$ 374	\$ 722,589	56,758	\$ (1,388)	\$ (151,656)	17	\$ 569,936
Net loss						(152,037)		(152,037)
Foreign currency translation loss							(73)	(73)
Change in fair value of interest rate swap							(19,817)	(19,817)
Unrealized appreciation on investments							35	35
Comprehensive loss						\$ (152,037)	\$ (19,855)	\$ (171,892)
Issuance of restricted stock, net of forfeitures	145,110	2	(2)					—
Stock options exercised	315,124	3	5,818					5,821
Issuance of warrants			38,450					38,450
Repurchase of common stock	(261,600)	(2)	(3,639)					(3,641)
Purchase of treasury stock				137,426	(3,321)			(3,321)
Stock-based compensation expense			33,206					33,206
Dividends declared, \$9.33 per common share			(351,684)					(351,684)
Balance December 31, 2007	37,654,546	\$ 377	\$ 444,738	194,184	\$ (4,709)	\$ (303,693)	\$ (19,838)	\$ 116,875
Net loss						(70,726)		(70,726)
Foreign currency translation loss							(398)	(398)
Change in fair value of interest rate swap							(34,653)	(34,653)
Unrealized depreciation on investments							(137)	(137)
Comprehensive loss						\$ (70,726)	\$ (35,188)	\$ (105,914)
Restricted stock activity, net of forfeitures	(19,605)							—
Stock options exercised	32,081		397					397
Repurchase of common stock	(1,035,800)	(11)	(7,711)					(7,722)
Purchase of treasury stock				82,287	(993)			(993)
Stock-based compensation expense			13,335					13,335
Forfeited dividends			393					393
Balance December 31, 2008	36,631,222	\$ 366	\$ 451,152	276,471	\$ (5,702)	\$ (374,419)	\$ (55,026)	\$ 16,371
Net loss						(28,618)		(28,618)
Foreign currency translation reversal							470	470
Change in fair value of interest rate swap							17,452	17,452
Unrealized depreciation on investments							70	70
Comprehensive loss						\$ (28,618)	\$ 17,992	\$ (10,626)
Restricted stock activity, net of forfeitures	315,507	3						3
Repurchase of common stock	(1,330,217)	(13)	(7,288)					(7,301)
Purchase of treasury stock				127,868	(664)			(664)
Stock-based compensation expense			10,228					10,228
Forfeited dividends			123					123
Balance December 31, 2009	35,616,512	\$ 356	\$ 454,215	404,339	\$ (6,366)	\$ (403,037)	\$ (37,034)	\$ 8,134

The accompanying notes are an integral part of these consolidated financial statements.

**RCN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1. ORGANIZATION AND DESCRIPTION OF BUSINESS

RCN Corporation (“RCN” or the “Company”) is a competitive broadband services provider, delivering all-digital and high-definition video, high-speed internet and premium voice services to Residential and Small and Medium Business (“SMB”) customers under the brand names of RCN and RCN Business Services, respectively. In addition, the Company’s RCN Metro Optical Networks business unit (“RCN Metro”) delivers fiber-based high-capacity data transport services to large commercial customers, primarily large enterprises and carriers, targeting the metropolitan central business districts in RCN’s geographic markets. The Company constructs and operates its own networks, and its primary service areas include: Washington, D.C., Philadelphia, Lehigh Valley (PA), New York City, Boston and Chicago.

The Company has two principal business segments (i) Residential/SMB and (ii) RCN Metro. For financial and other information about the Company’s segments, refer to Note 15.

In connection with the March 2007 sale of the San Francisco operations to Astound Broadband LLC, a subsidiary of Wave Broadband LLC (“Wave”), and the Company’s exit from the Los Angeles operations during 2007, the results for these businesses are presented in the consolidated statements of operations as discontinued operations. At December 31, 2009 and December 31, 2008, there were no current assets and current liabilities related to these discontinued operations in the consolidated balance sheets. See Note 3 for a complete discussion of all acquisitions and dispositions.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with rules and regulations of the Securities and Exchange Commission (“SEC”) for annual reports on Form 10-K. The consolidated financial statements include the accounts of RCN and its consolidated subsidiaries. All intercompany transactions and balances among consolidated entities have been eliminated.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in accordance with Accounting Principles Generally Accepted in the United States (“U.S. GAAP”) requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management periodically assesses the accuracy of these estimates and assumptions. Actual results could differ from those estimates. Estimates are used when accounting for various items, including but not limited to allowances for doubtful accounts; investments; derivative financial instruments; asset impairments; certain acquisition-related liabilities; programming-related liabilities; revenue recognition; depreciation and amortization; income taxes; exit and restructuring costs; and legal and other contingencies. Estimates and assumptions are also used when determining the allocation of the purchase price in a business combination to the fair value of assets and liabilities and determining related useful lives.

Revisions and Reclassifications

The Company has changed the classification of short-term securities totaling \$30.1 million at December 31, 2008 from cash and cash equivalents to short-term investments to conform to the Company’s policy of classifying securities with original maturities of greater than three months at the time of purchase as short-term investments.

Certain other immaterial reclassifications have been made to prior period amounts in order to conform to the current year presentation.

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Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents consist of commercial paper, government-backed obligations, and money market funds.

Short-term Investments

The Company's entire portfolio of short-term investments is currently classified as "available for sale" in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 320 *Investments — Debt and Equity Securities* and is stated at fair value as determined by quoted market values. Investments having maturities of more than three months but not more than one year at the time of purchase are considered short-term and are classified as current assets. The Company's short-term investments consist of the following:

	December 31,	
	2009	2008
	<i>(in thousands)</i>	
U.S. Treasuries	\$ 4,911	\$ 44,150
Federal Agency	10,224	7,065
Commercial paper		1,691
Total	<u>\$ 15,135</u>	<u>\$ 52,906</u>

Concentration and Monitoring of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments, restricted investments, accounts receivable, interest rate swap agreements, and undrawn revolving line of credit commitments.

The Company invests its cash and cash equivalents and short-term investments in accordance with the terms and conditions of its First-Lien Credit Agreement, which seeks to ensure both liquidity and safety of principal. The Company's policy limits investments to instruments issued by the U.S. government and commercial institutions with strong investment grade credit ratings, and places restrictions on the length of maturity. The Company monitors the third-party depository institutions that hold its cash and cash equivalents, and short-term investments. As of December 31, 2009 and 2008, the Company held no direct investments in auction rate securities, collateralized debt obligations, structured investment vehicles or non-government guaranteed mortgage backed securities.

The Company's restricted investments are either held in escrow or in deposit accounts with institutions having strong investment grade credit ratings.

The Company's trade receivables reflect a diverse customer base. Up front credit evaluation and account monitoring procedures are used to minimize the risk of loss. As a result, concentrations of credit risk are limited. The Company believes that its allowances for doubtful accounts are adequate to cover these risks.

The Company has potential exposure to credit losses in the event of nonperformance by the counterparties to its revolving line of credit specifically related to undrawn commitments, including amounts utilized as collateral for letters of credit, and interest rate swap agreements. The Company anticipates however, that the counterparties will be able to fully satisfy their obligations under these agreements, given that they are very large, highly rated financial institutions who are also key lenders under the Company's First Lien Credit Agreement.

Accounts Receivable

The Company carries the accounts receivable at cost less an allowance for doubtful accounts. Allowances for doubtful accounts are recorded as a selling, general and administrative expense. The Company evaluates the adequacy of the allowance for doubtful accounts at least quarterly and computes the allowance for doubtful accounts by applying an increasing percentage to accounts in past due categories. This percentage is based on the history of actual write-offs. The Company also performs a subjective review of specific large accounts to determine if an additional reserve is necessary. The formula for calculating the allowance closely parallels the Company's history of actual write-offs net of recoveries.

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Long-Term Restricted Investments

The Company has cash balances held as collateral related to various insurance policies (mainly general, auto liability, and workers compensation), and surety bonds primarily for franchise and permit obligations. These investments are restricted and unavailable for use by the Company.

Property, Plant and Equipment

Additions to property, plant and equipment are stated at cost or fair value, if acquired through an acquisition. Costs associated with new customer installations and the additions of network equipment necessary to provide advanced services are capitalized. Costs capitalized as part of initial customer installations include material, labor, and certain indirect costs. Indirect costs pertain to the Company's personnel that assist in connecting the new service and primarily consist of employee benefits and payroll taxes, and direct variable costs associated with the capitalizable activities such as installation and construction, vehicle costs, and the cost of dispatch personnel. The costs of disconnecting service at a customer's dwelling or reconnecting service to a previously installed dwelling are charged to expense in the period incurred. Costs for repairs and maintenance are charged to expense as incurred, while plant and equipment replacement and betterments, including replacement of cable drops from the pole to the dwelling, are capitalized.

Depreciation is recorded using the straight-line method over the estimated useful lives of the various classes of depreciable property. Leasehold improvements are amortized over the lesser of the life of the lease or the asset's estimated useful life. Equipment held under capital leases is stated at the lower of the fair value of the asset or the net present value of the minimum lease payments at the inception of the lease. For assets held under capital leases, depreciation is recorded using the straight-line method over the shorter of the estimated useful lives of the leased assets or the related lease term. The significant components of property, plant and equipment as well as average estimated lives are as follows:

	Useful Life	December 31,	
		2009	2008
		<i>(in thousands)</i>	
Telecommunications plant	5 – 22.5 years	\$ 1,118,512	\$ 1,022,514
Indefeasible rights of use	5 – 15 years	139,757	139,529
Computer equipment	3 – 5 years	68,024	68,046
Buildings, leasehold improvements and land	0 – 30 years	91,462	88,832
Furniture, fixtures and vehicles	3 – 10 years	28,270	27,390
Construction materials and other	3 – 10 years	48,651	44,536
Total property, plant and equipment		1,494,676	1,390,847
Less: accumulated depreciation		(839,998)	(672,821)
Property, plant and equipment, net		<u>\$ 654,678</u>	<u>\$ 718,026</u>

Depreciation expense was \$187.1 million, \$179.0 million, and \$175.4 million for 2009, 2008 and 2007 respectively.

Depreciation expense in 2009 includes impairment adjustments totaling \$4.5 million related to equipment which has not been returned by former customers. Included in this impairment adjustment is \$1.6 million that relates to periods prior to January 1, 2009. Management believes the impact of this error is immaterial to each of the applicable prior periods.

The Company accounts for its long-lived assets in accordance with FASB ASC Topic 360 *Property, Plant and Equipment* which requires that long-lived assets be evaluated whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed. Such indicators include significant technological changes, adverse changes in relationships with local franchise authorities, adverse changes in market conditions and/or poor operating results. The carrying value of a long-lived asset group is considered impaired when the projected undiscounted future cash flows is less than its carrying value, and the amount of impairment loss recognized is the difference between the estimated fair value and the carrying value of the asset or asset group. Fair market value is determined primarily using the projected future cash flows discounted at a rate commensurate with the risk involved. Significant judgments in this area involve determining whether a triggering event has occurred, determining the future cash flows for the assets involved and selecting the appropriate discount rate to be applied in determining estimated fair value. In 2009, 2008 and 2007, there were no significant long-lived asset impairment charges.

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Goodwill and Other Intangible Assets

Goodwill

Goodwill represents the excess of the acquisition cost of an acquired entity over the fair value of the identifiable net assets acquired. In accordance with the provisions of FASB ASC Topic 350 *Intangibles — Goodwill and Other* ("ASC Topic 350"), goodwill is not amortized but is tested for impairment on an annual basis or between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Goodwill at December 31, 2009 and 2008 totaled \$15.5 million. The Company conducted an annual impairment test of its goodwill during the fourth quarter of 2009. The Company used an income-based approach and discounted the cash flows attributable to the RCN Metro reporting unit to estimate its fair value. Several estimates were incorporated into this analysis, including projected net monthly installed revenue, related operating and capital spending projections, cost of capital and estimated terminal value. In addition, comparative market multiples were used to corroborate discounted cash flow results. The impairment test indicated that the goodwill was not impaired. To evaluate the sensitivity of the estimated fair value calculation of the Company's RCN Metro reporting unit on the annual impairment calculation for goodwill, the Company applied hypothetical 10%, 20% and 30% decreases to the estimated fair value of the reporting unit. These hypothetical decreases of 10%, 20% and 30% would have no impact on the goodwill impairment analysis.

Indefinite-Lived Intangibles

In accordance with the provisions of FASB ASC Topic 350, indefinite-lived intangible assets are tested for impairment on an annual basis or between annual tests if events occur or circumstances change that would indicate that the assets might be impaired. The Company's indefinite-lived intangible assets consist of certain franchise rights associated with the Residential/SMB segment as well as certain rights-of-way acquired in the NEON transaction. The Company conducted an annual impairment test of its indefinite-lived assets during the fourth quarter of 2009 at the units of accounting level. The units of accounting were determined under the provisions of FASB ASC Topic 350 to be the Company's franchise rights in the Pennsylvania market and certain rights-of-way acquired in the NEON transaction. The Company used an income-based approach and discounted the cash flows attributable to the applicable franchise rights to estimate their fair value. Several estimates and assumptions were incorporated into this analysis including existing customers, expected penetration level of marketable homes within the franchised areas, expected average revenue per customer, projected operating expenses, contributory asset charges, applicable cost of capital, estimated terminal value and present value of tax benefits. The fair value of the rights-of-way was estimated using a replacement cost approach using internal personnel involved in the original construction and attainment of the rights-of-way. The impairment tests performed indicated that the franchise rights and rights-of-way were not impaired. While management believes the estimates used in the impairment tests of goodwill and the indefinite-lived intangibles are reasonable, actual results may differ significantly from these assumptions, which could materially affect the valuation. To evaluate the sensitivity of the fair value calculations of the Company's identifiable indefinite-lived intangibles, the Company applied hypothetical 10%, 20% and 30% decreases to the estimated fair value of each of the Company's identifiable indefinite-lived intangibles. These hypothetical 10%, 20% and 30% decreases in estimated fair value would not have resulted in any impairment of the franchise rights, but would have resulted in impairment charges of approximately \$3.0 million, \$7.0 million, and \$10.0 million, respectively, for the rights-of-way.

Other Intangibles

The costs of other intangible assets, including trademarks, trade names, customer relationships and software, are amortized over their estimated useful lives. Amortizable intangible assets are tested for impairment based on undiscounted cash flows in accordance with FASB ASC Topic 350 and, if impaired, are written down to fair value based on discounted cash flows. See Note 6 for the ranges of useful lives of the amortizable intangible assets.

Asset Retirement Obligations

FASB ASC Topic 410 *Asset Retirement and Environmental* ("ASC Topic 410") addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. FASB ASC Topic 410 requires recognition of a liability for an asset retirement obligation in the period in which it is incurred at its estimated fair value. Certain of the Company's franchise and lease agreements contain provisions that require the Company to restore facilities or remove property in the event that the franchise or lease agreement is not renewed. The Company expects to continually renew its franchise agreements and therefore, cannot estimate any liabilities associated with such agreements. A remote possibility exists that franchise agreements could terminate unexpectedly, which could result in the Company incurring significant expense in complying with the restoration or removal provisions. There are no significant asset retirement-related liabilities recorded in the Company's consolidated financial statements.

Legal Contingencies

The Company is subject to legal, regulatory and other proceedings and claims that arise in the ordinary course of business and, in certain cases, those that the Company assumes from an acquired entity in a business combination. An estimated liability for those proceedings and claims arising in the ordinary course of business is recorded based upon the probable and reasonably estimable criteria contained in FASB ASC Topic 450 *Contingencies*. The Company reviews outstanding claims with internal and

external counsel to assess the probability and the estimates of loss as new information becomes available, and adjusts its liabilities as appropriate.

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Revenue Recognition

Revenues are principally derived from fees associated with the Company's video, telephone, high-speed data and transport services and are recognized as earned when the services are rendered, evidence of an arrangement exists, the fee is fixed and determinable and collection is probable. Payments received in advance are deferred and recognized as revenue when the service is provided. Installation fees charged to the Company's residential and small business customers are less than related direct selling costs and therefore, are recognized in the period the service is provided. Installation fees charged to larger commercial customers are generally recognized over the contract life which is not materially different than the service life. Reciprocal compensation revenue, the fees that local exchange carriers pay to terminate calls on each other's networks, is based upon calls terminated on the Company's network at contractual rates. Under the terms of applicable franchise agreements, the Company is generally required to pay an amount based on gross video revenues to the local franchising authority. These fees are normally passed through to the Company's cable subscribers and accordingly, the fees are classified as revenue with the corresponding cost included in direct expenses. Certain other taxes imposed on revenue producing transactions, such as Universal Service Fund fees are also presented as revenue and expense.

Sales of Multiple Products or Services

When the Company enters into sales contracts for the sale of multiple products or services, then the Company evaluates whether it has fair value evidence for each deliverable in the transaction. If the Company has fair value evidence for each deliverable of the transaction, then it accounts for each deliverable in the transaction separately, based on the relevant revenue recognition accounting policies. For example, the Company sells video, high-speed data and voice services to subscribers in a bundled package at a rate lower than if the subscriber purchases each product on an individual basis. Subscription revenues received from such subscribers are allocated to each product in a pro-rata manner based on the fair value of each of the respective services.

Direct Expenses

Direct expenses consist primarily of video programming costs, leased telecommunications services, voice termination costs, franchise and regulatory fees, pole rental and right-of-way fees, co-location costs, building access costs and revenue share payments.

Programming costs consist of the fees paid to suppliers of video content, which is generally obtained through multiyear agreements and contains rates that are typically based on the number of authorized subscribers that receive the programming content. At times, as these contracts expire, programming content continues to be provided based on interim arrangements while the parties negotiate new contractual terms, sometimes with effective dates that affect prior periods. While actual payments are generally made under the prior contract terms during the negotiation period, the amount of programming expenses recorded during the negotiation period is based on management's estimates of the expected contractual terms to be ultimately negotiated. Programming costs are paid each month based on calculations performed by the Company and are subject to periodic audits performed by the programmers. Certain programming contracts contain launch incentives paid by the programmers. The Company records the launch incentives on a straight-line basis over the life of the programming agreement as a reduction of programming expense. The deferred amount of launch incentives is included in other long-term liabilities.

The Company accrues for the expected costs of leased telecommunications and voice termination services provided by third party telecommunications providers in the period the services are rendered. Invoices received from the third party telecommunications providers are often disputed due to billing discrepancies. The Company accrues for all disputed invoiced amounts that are considered probable and estimable as contingent liabilities. Disputes that are resolved in the Company's favor are recorded as a reduction in direct expenses in the period the dispute is settled. Because the time required to resolve these disputes is often more than one quarter, any benefits associated with the favorable resolution of such disputes are often realized in periods subsequent to the accrual of the disputed invoice.

All other direct costs are expensed as incurred.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include customer service, sales, marketing, billing, network maintenance and repair, installation and provisioning, bad debt, rent and other overhead costs. All personnel costs, including stock-based compensation but excluding certain retention and severance benefits accounted for in accordance with FASB ASC Topic 420 *Exit or Disposal Cost Obligations* ("ASC Topic 420"), are included in selling, general and administrative expense.

Non-Cash Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with FASB ASC Topic 718 *Compensation — Stock Compensation* ("ASC Topic 718"), which requires the Company to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions) and recognize that cost over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not

render the requisite service.

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Exit and Restructuring Costs

Exit and restructuring costs are recorded in accordance with FASB ASC Topic 420. The Company continuously monitors its organizational structure and associated operating expenses. Depending upon events and circumstances, actions may be taken periodically to restructure the business. Restructuring activities may include terminating employees, abandoning excess office space and incurring other exit costs. Any resulting exit and restructuring costs depend on estimates made by management based on its knowledge of the cost to terminate existing commitments and estimates of termination benefits. These estimates could differ from actual results. The Company monitors the initial estimates periodically and records an adjustment for any significant changes in estimates.

The Company has exited numerous facilities, in whole or in part, over the last three years. FASB ASC Topic 420 requires the Company to offset the present value of the remaining lease payments for the exited property against estimated sublease rental income. Sublease assumptions frequently change based on market conditions, which require the Company to adjust the projected cash flows related to exited properties. Changes in assumptions are recognized in income when made. When the Company terminates or buys out of a lease agreement, the payment is charged against the liability and/or the remaining liability is reversed into income. The Company amortizes the liability for these facilities as an offset to rent expense, which is included in selling, general and administrative expense, over the remaining term of the lease.

Upon its emergence from bankruptcy, the Company recorded a liability in "fresh start accounting" in accordance with the American Institute of Certified Public Accountants ("AICPA") statement of position No. 90-7 "Financial Reporting By Entities in Reorganization Under the Bankruptcy Code" for the excess of cost over fair value on all of its leased facilities. The liability for these facilities is amortized as an offset to rent expense over the remaining term of the lease. When the Company exits a facility and accrues an exit cost liability, it reverses the remaining "fresh start" reserve established for that property into exit costs and restructuring charges. Similarly, when the Company renegotiates a lease on one of these properties the reserve is reversed into exit costs and restructuring charges as the amended lease is assumed to reflect market rates and terms.

Debt Issuance Costs

Debt financing costs are capitalized and amortized to interest expense over the term of the underlying obligations using the straight-line method which approximates the effective interest method.

Income Taxes

Income taxes are accounted for under the provisions of FASB ASC Topic 740 *Income Taxes ("ASC Topic 740")*. Accordingly, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The measurement of net deferred tax assets is reduced by the amount of any tax benefit that, based on available evidence, is not expected to be realized, and a corresponding valuation allowance is established. The determination of the required valuation allowance against net deferred tax assets was made without taking into account the deferred tax liabilities created from the book and tax differences on indefinite-lived assets.

When the Company has claimed tax benefits that may be challenged by a tax authority, these uncertain tax positions are accounted for under FASB ASC Topic 740. Under this accounting guidance, tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for unrecognized tax benefits is recorded for any tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards. As of December 31, 2009 and 2008, the Company has not recorded any liability for unrecognized tax benefits.

Derivative Instruments and Hedging Activities

In accordance with FASB ASC Topic 815 *Derivatives and Hedging ("ASC Topic 815")*, all derivatives are recorded in the balance sheet as either an asset or liability and are measured at fair value with the changes in fair value recognized currently in earnings unless specific hedge accounting criteria are met. In May 2007, the Company entered into three interest rate swap agreements with a notional amount of \$345 million to partially mitigate the variability of cash flows in interest payments due to changes in the LIBOR interest rate on its First-Lien Credit Agreement. The Company designated the swap agreements as an accounting hedge under FASB ASC Topic 815. These interest rate swap agreements qualify for hedge accounting because the swap terms match the critical terms of the hedged debt. Accordingly, gains and losses on derivatives designated as cash flow hedges, to the extent they are effective, are recorded in accumulated other comprehensive income (loss) and subsequently reclassified to interest expense during the same period in which the hedged item affects earnings.

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Accumulated Other Comprehensive Income (Loss)

The Company has three primary components of other comprehensive income (loss): fair value of interest rate swaps, foreign currency translation losses, and unrealized appreciation (depreciation) on investments. The following table reflects the components of accumulated other comprehensive loss:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
		<i>(in thousands)</i>	
Fair value of interest rate swaps	\$ (37,018)	\$ (54,470)	\$ (19,817)
Foreign currency translation loss	—	(471)	(73)
Unrealized (depreciation) appreciation on investments	(16)	(85)	52
Accumulated other comprehensive loss	<u>\$ (37,034)</u>	<u>\$ (55,026)</u>	<u>\$ (19,838)</u>

Recently Issued Accounting Pronouncements

In July 2009, the FASB's Accounting Standards Codification™ ("Codification") became the single source of authoritative U.S. GAAP (other than rules and interpretive releases of the SEC). The Codification is typically based with topics organized by ASC number and updated Accounting Standards Updates ("ASU"). ASUs replace accounting guidance that was historically issued as Statements of Financial Accounting Standards ("SFAS"), FASB Interpretations ("FIN"), FASB Staff Positions ("FSP"), Emerging Issue Task Force ("EITF") Abstracts and other types of accounting standards. The Codification became effective September 30, 2009 for the Company, and disclosures within this Annual Report on Form 10-K have been updated to reflect the change.

In January 2010, the FASB issued ASU 2010-6, *Fair Value Measurements and Disclosures*, that amends existing disclosure requirements under ASC Topic 820 by adding required disclosures about items transferring into and out of levels 1 and 2 in the fair value hierarchy; adding separate disclosures about purchase, sales, issuances, and settlements relative to level 3 measurements; and clarifying, among other things, the existing fair value disclosures about the level of disaggregation. This ASU is effective for annual and interim reporting periods beginning after December 15, 2009, except for the requirement to provide the Level 3 activity between purchases, sales, issuances, and settlements on a gross basis. That requirement is effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. This pronouncement is related to disclosure only and it is not anticipated to have a material impact on the Company's consolidated financial statements.

In October 2009, the FASB issued ASU 2009-13, *Multiple-Deliverable Revenue Arrangements* which amends the criteria for when to evaluate individual delivered items in a multiple deliverable arrangement and how to allocate the consideration received. This ASU is effective for fiscal years beginning on or after June 15, 2010, which is January 1, 2011 for the Company. This ASU is effective prospectively for revenue arrangements entered into or materially modified after January 1, 2011. The Company is currently evaluating the impact that this new accounting guidance will have on its consolidated financial statements.

In August 2009, the FASB issued ASU 2009-05 *Measuring Liabilities at Fair Value* to clarify how entities should estimate the fair value of liabilities under ASC Topic 820. This ASU clarifies the fair value measurements for a liability in an active market and the valuation techniques in the absence of a Level 1 measurement. The Company has adopted this guidance in its consolidated financial statements for the year ended December 31, 2009. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

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In May 2009, the FASB issued guidance now included in ASC Topic 855 *Subsequent Events*. This guidance establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before the consolidated financial statements are issued or are available to be issued. Among other items, the guidance requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. In February 2010, the FASB amended its guidance on subsequent events to remove the requirement for SEC filers (as defined in ASU 2010-09) to disclose the date through which an entity has evaluated subsequent events. The Company has adopted this guidance in its consolidated financial statements for the year ended December 31, 2009.

In April 2009, the FASB issued guidance now included in ASC Topic 825 *Financial Instruments*. The guidance requires that the fair value disclosures required for financial instruments be included in interim financial statements. In addition, the guidance requires public companies to disclose the method and significant assumptions used to estimate the fair value of those financial instruments and to discuss any changes of method or assumptions, if any, during the reporting period. The guidance was effective for the Company's year ended December 31, 2009. This pronouncement is related to disclosure only and did not have a material impact on the Company's consolidated financial statements.

In April 2009, the FASB issued guidance now included in ASC Topic 320 *Investments - Debt and Equity Securities* that modifies the requirements for recognizing other-than-temporarily impaired debt securities and revises the existing impairment model for such securities by modifying the current *intent and ability* indicator in determining whether a debt security is other-than-temporarily impaired. The adoption did not have a material impact on the Company's consolidated financial statements.

NOTE 3. ACQUISITIONS AND DISPOSITIONS

NEON Communications Group, Inc.

On November 13, 2007 (the "Closing Date"), the Company completed the acquisition of NEON Communications Group, Inc. ("NEON"). The cash purchase price paid was \$5.15 per share, resulting in total cash consideration of approximately \$255 million. Including transaction costs, the total purchase price for NEON was approximately \$260 million.

The acquisition of NEON was accounted for under the purchase method of accounting, with the Company as the acquirer in accordance with FASB ASC Topic 805 *Business Combinations*. The results of operations from NEON are included in the accompanying consolidated financial statements from the Closing Date through December 31, 2009. The following table summarizes, on an unaudited, pro forma basis, the estimated combined results of operations of the Company for 2007 as though the acquisition of NEON was completed at the beginning of 2007. These pro forma statements have been prepared for comparative purposes only and are not intended to be indicative of what the Company's results would have been had the acquisition occurred at the beginning of the period presented or the results which may occur in the future.

	<u>2007</u>
	<i>(dollars in thousands, except per share data)</i>
Revenues, net*	\$ 702,394
Operating loss*(1)	(95,408)
Net loss*(1)	(197,330)
Net loss per common share, basic and diluted*	(5.33)

* from continuing operations

(1) Includes non-recurring charges incurred by NEON (primarily deal-related costs), and stock-based compensation expense totaling \$5.4 million during 2007.

San Francisco and Los Angeles Operations

In March 2007, the Company completed the sale of its San Francisco operations for \$45 million in cash and recorded an after-tax gain on this transaction of \$15.9 million. In addition, during 2007, the Company completely exited its operations in the Los Angeles, California market and sold the building and certain other assets for net total proceeds of approximately \$3.9 million and recorded a de minimis after-tax gain on this transaction. The results of operations of its California assets are shown as discontinued operations in the consolidated statements of operations and include operating revenues totaling \$6.8 million for 2007.

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NOTE 4. EXIT COSTS AND RESTRUCTURING CHARGES

Total exit costs and restructuring charges were comprised of the following:

	2009	2008	2007
		<i>(in thousands)</i>	
Exit costs for excess facilities	\$ 84	\$ 164	\$ 7,875
Severance and retention	491	2,150	3,443
Recoveries, net	—	—	(3,124)
Total	<u>\$ 575</u>	<u>\$ 2,314</u>	<u>\$ 8,194</u>

During 2009, the Company recorded exit costs and restructuring charges of \$0.6 million, consisting primarily of employee termination benefits. The Company recorded total exit costs and restructuring charges of \$2.3 million during 2008, primarily consisting of employee termination benefits associated with a reduction in force and a voluntary separation program in connection with plans to reduce operating expenses. The majority of these benefits were paid out by the date of this filing.

Total exit costs and restructuring charges were \$8.2 million in 2007, consisting primarily of exit costs totaling \$7.9 million as a result of exiting or terminating property leases in Pennsylvania, New Jersey and New York and restructuring charges totaling \$3.4 million, which were primarily related to the outsourcing of the Company's customer care operations. These charges were partially offset by a \$3.1 million settlement for damages incurred relating to space that was exited in 2002 and are net of legal fees incurred. At the time the property was exited, the abandoned property, plant and equipment was recorded in exit costs and restructuring charges and therefore, the portion of the settlement relating to these costs was recorded in exit costs and restructuring charges during 2007.

The following table presents the activity in the lease fair value and exit cost liability accounts for 2008 and 2009:

	Lease Fair Value	Exit Costs and Restructuring Charges	Total
		<i>(in thousands)</i>	
Balance, December 31, 2007	\$ 3,345	\$ 10,300	\$ 13,645
Additional accrued costs	—	2,314	2,314
Amortization	(654)	(2,207)	(2,861)
Reversals / Settlements	—	(4,694)	(4,694)
Balance, December 31, 2008	2,691	5,713	8,404
Additional accrued costs	—	575	575
Amortization	(621)	(1,351)	(1,972)
Reversals / Settlements	—	(1,187)	(1,187)
Balance, December 31, 2009	2,070	3,750	5,820
Less: current portion	550	1,543	2,093
Long-term portion December 31, 2009	<u>\$ 1,520</u>	<u>\$ 2,207</u>	<u>\$ 3,727</u>

The current portion of these liabilities is included in accrued exit costs on the balance sheet and the long-term portion is included in other long-term liabilities.

NOTE 5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

In accordance with the authoritative guidance for fair value measurements and the fair value election for financial assets and financial liabilities, a fair value measurement is determined based on the assumptions that a market participant would use in pricing an asset or liability. A three-tiered hierarchy was established that draws a distinction between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3). Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measure. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

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The Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2009 were as follows:

	Level 1	Level 2	Level 3	Total
	<i>(in thousands)</i>			
Assets:				
Cash and cash equivalents	\$ 71,808	\$ —	\$ —	\$ 71,808
Short-term investments	15,135	—	—	15,135
Restricted investments	11,666	—	—	11,666
Total financial assets	\$ 98,609	\$ —	\$ —	\$ 98,609
Liabilities:				
Interest rate swap agreements	\$ —	\$ 37,018	\$ —	\$ 37,018
Total financial liabilities	\$ —	\$ 37,018	\$ —	\$ 37,018

For the interest rate swap agreements, fair value is calculated using standard industry models based on significant observable market inputs such as swap rates, interest rates, and implied volatilities obtained from the counterparties to the swap agreements. The Company performs an independent evaluation to validate the reasonableness of the fair value obtained.

Pursuant to the authoritative guidance which requires fair value disclosures for financial instruments that are not currently reflected on the balance sheet at fair value, the Company's term loan borrowings under the First-Lien Credit Agreement have a fair value of \$654.2 million as of December 31, 2009, as determined based on the bid and ask quotes for the related debt.

The carrying values of accounts receivable, accounts payable and accrued liabilities are reasonable estimates of their fair values due to their short maturity.

NOTE 6. INTANGIBLE ASSETS

Intangible assets consisted of the following:

	Useful Life	December 31, 2009		December 31, 2008	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<i>(in thousands)</i>					
Amortizable intangible assets:					
Customer relationships	4 – 10 years	\$ 88,072	\$ (70,676)	\$ 88,072	\$ (67,318)
Trademarks/tradenames	5 years	13,573	(13,573)	13,573	(10,958)
Software	3 years	540	(471)	540	(291)
Subtotal		102,185	(84,720)	102,185	(78,567)
Indefinite-lived intangible assets:					
Franchise rights	Indefinite	54,842	—	54,842	—
Rights-of-way	Indefinite	33,857	—	33,857	—
Total intangible assets		\$ 190,884	\$ (84,720)	\$ 190,884	\$ (78,567)
Goodwill		\$ 15,479	\$ —	\$ 15,479	\$ —

Activity related to the Company's amortizable intangible assets, net was as follows:

	Resi/SMB	RCN Metro	Total
	<i>(in thousands)</i>		
Balance, December 31, 2007	\$ 23,422	\$ 29,247	\$ 52,669
Adjustments	—	(9,160)	(9,160)
Amortization	(17,871)	(2,020)	(19,891)
Balance, December 31, 2008	5,551	18,067	23,618
Amortization	(2,981)	(3,172)	(6,153)
Balance, December 31, 2009	\$ 2,570	\$ 14,895	\$ 17,465

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Amortization expense was \$6.2 million, \$19.9 million, and \$20.7 million for 2009, 2008 and 2007, respectively. During 2008, management completed the valuation of the tangible and intangible assets acquired in the NEON transaction in November 2007 (see Note 3) and as a result, the fair values initially assigned to the intangible assets were adjusted. Specifically, adjustments to increase the value assigned to internally developed software of \$0.2 million and reduce the value assigned to customer relationships by \$9.4 million were recorded. As a result of these adjustments, a cumulative reduction to amortization expense was recognized in 2008 totaling \$1.0 million.

Expected amortization expense of finite-lived intangible assets over each of the next five years is as follows:

For the Year Ended December 31,	<i>(in thousands)</i>
2010	\$ 2,810
2011	2,241
2012	2,241
2013	2,241
2014	2,241
Thereafter	5,691
Total	<u>\$ 17,465</u>

NOTE 7. DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets consisted of the following:

	December 31,	
	2009	2008
	<i>(in thousands)</i>	
Debt issuance cost, net of accumulated amortization	\$ 7,433	\$ 9,104
Security deposits	3,215	3,368
Other long-term assets	4,412	4,371
Total deferred charges and other assets	<u>\$ 15,060</u>	<u>\$ 16,843</u>

NOTE 8. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following:

	December 31,	
	2009	2008
	<i>(in thousands)</i>	
Interest rate swaps	\$ 37,018	\$ 54,470
Deferred taxes	36,918	36,154
Unearned revenue	9,856	11,385
Exit costs	2,207	3,588
Other deferred credits	3,114	2,678
Lease cost/fair value reserve	1,520	2,070
Dividend payable	—	591
Total other long-term liabilities	<u>\$ 90,633</u>	<u>\$ 110,936</u>

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NOTE 9. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Long-term debt consisted of the following:

	December 31,	
	2009	2008
	<i>(in thousands)</i>	
First-lien term loan	\$ 702,489	\$ 709,694
Revolving line of credit	30,000	30,000
Capital leases	2,766	2,913
Total	735,255	742,607
Due within one year (1)	25,947	7,352
Total long-term debt	<u>\$ 709,308</u>	<u>\$ 735,255</u>

At December 31, 2009, contractual annual maturities of long-term debt and capital lease obligations over the next five years are as follows (dollars in thousands):

For the year ending December 31,	
2010 (1)	\$ 25,947
2011	7,385
2012	7,404
2013	37,425
2014	655,332
Thereafter	1,762
Total	<u>\$ 735,255</u>

- (1) In addition to scheduled mandatory repayments under the First-Lien Credit Agreement, the Company is also required to repay 50% of Excess Cash Flow (as defined in the First-Lien Credit Agreement) if the Company's Total Leverage Ratio for the period is greater than 3:00:1. Pursuant to this Excess Cash Flow provision, the Company expects to repay \$18.6 million on or before April 15, 2010, related to the year ended December 31, 2009.

The following is a description of the Company's debt and the significant terms contained in the related agreements.

First-Lien Credit Agreement

The Company's credit agreement with Deutsche Bank, as Administrative Agent, and certain syndicated lenders ("First-Lien Credit Agreement") provides for term loans to the Company in the aggregate principal amount of \$720 million, and a \$75 million revolving line of credit, all of which can be used as collateral for letters of credit. Approximately \$40.1 million of the revolving line of credit is currently utilized for outstanding letters of credit relating to the Company's surety bonds, real estate lease obligations, right-of-way obligations, and license and permit obligations. As of December 31, 2009, the Company had drawn an additional \$30 million under the revolving line of credit and had \$4.9 million of available borrowing capacity remaining. The obligations of the Company under the First-Lien Credit Agreement are guaranteed by all of its operating subsidiaries and are collateralized by substantially all of the Company's assets.

The term loan bears interest at the Administrative Agent's prime lending rate plus an applicable margin or at the Eurodollar rate plus an applicable margin, based on the type of borrowing elected by the Company. The effective rate on outstanding debt at December 31, 2009 and December 31, 2008 was 4.9% and 5.5%, respectively, including the effect of the interest rate swaps discussed in Note 10.

The First-Lien Credit Agreement requires the Company to maintain a Secured Leverage Ratio not to exceed 4.00:1 through December 30, 2010. On December 31, 2010, the maximum permitted Secured Leverage Ratio declines to 3.50:1, then declines to 3.00:1 on December 31, 2012 where it remains until maturity in May 2014. The First-Lien Credit Agreement also contains certain covenants that, among other things, limit the ability of the Company and its subsidiaries to incur indebtedness, create liens on their assets, make particular types of investments or other restricted payments, engage in transactions with affiliates, acquire assets, utilize proceeds from asset sales for purposes other than debt reduction (except for limited exceptions for reinvestment in the business), merge or consolidate or sell substantially all of the Company's assets.

The Company is in compliance with all financial covenants under the First-Lien Credit Agreement as of the date of this filing.

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NOTE 10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

During May 2007, the Company entered into three interest rate swap agreements with an initial notional amount of \$345 million to partially mitigate the variability of cash flows due to changes in the Eurodollar rate, specifically related to interest payments on its term loans under the First-Lien Credit Agreement. The interest rate swap agreements have a seven year term with an amortizing notional amount which adjusts down on the dates payments are due on the underlying term loans. Under the terms of the swap agreements, on specified dates, the Company makes payments calculated using a fixed rate of 5.319% and receives payments equal to 3-month LIBOR.

These interest rate swap agreements qualify for hedge accounting because the swap terms match the critical terms of the hedged debt. The Company has assessed, on a quarterly basis that the swap agreements are completely effective based on criteria listed in the authoritative guidance pertaining to cash flow derivative instruments that are interest rate swaps. Accordingly, these agreements had no net effect on the Company's results of operations in 2009, 2008 and 2007. The Company uses derivative instruments as risk management tools and not for trading purposes. As of December 31, 2009 and 2008, the estimated fair values of these swap agreements were liabilities of \$37.0 million and \$54.5 million, respectively, and the notional amount was \$335.3 million and \$339.2 million, respectively.

The following table summarizes the Company's outstanding liability derivative instruments and their effect on the consolidated balance sheet at December 31, 2009 (dollars in thousands):

<u>Derivatives Designated as Hedging Instruments</u>	<u>Type of Hedge</u>	<u>Balance Sheet Location</u>	<u>Fair Value of Hedge</u>
Interest-rate swap agreements	Cash flow	Other long-term liabilities	\$ 37,018

The effects of liability derivative instruments on the Company's consolidated statement of operations and other comprehensive income (loss) ("OCI") for the year ending December 31, 2009 are as follows (dollars in thousands):

<u>Derivatives Designated as Hedging Instruments</u>	<u>Gain Recognized in OCI on Derivatives (Effective Portion)</u>	<u>Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)</u>	<u>Gain or (Loss) Reclassified from Accumulated OCI into Income (Ineffective Portion)</u>
Interest rate swap agreements	\$ 17,452	\$ —	\$ —

NOTE 11. STOCKHOLDERS' EQUITY AND STOCK PLANS

Income (Loss) Per Share

Basic earnings per share ("EPS") is computed by dividing the income available to common stockholders by the average weighted number of shares of common stock outstanding during the period.

The computation of weighted average shares outstanding for the dilutive EPS calculation includes the number of additional shares of common stock that would be outstanding if all dilutive potential common stock equivalents would have been issued. The Company incurred losses in 2009, 2008 and 2007 and accordingly, all potential common stock equivalents would have been anti-dilutive so the average weighted common shares for the basic EPS computation is equal to the weighted average common shares used for the diluted EPS computation.

The following table shows the securities outstanding that could potentially dilute basic EPS in the future and the number of shares of common stock represented by, or underlying, such securities.

	<u>December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Options	2,560,774	4,057,561	3,884,652
Warrants	8,018,276	8,018,276	8,018,276
Unvested restricted stock units	2,274,391	653,923	—
Unvested restricted stock awards	51,672	162,128	437,482
Total	12,905,113	12,891,888	12,340,410

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Common Stock, Warrants and Dividends

As contemplated in RCN's Plan of Reorganization, RCN issued Convertible Notes, which, pursuant to their terms, were convertible into approximately five million shares of RCN common stock, subject to certain limitations. All such Convertible Notes were repurchased by RCN in May 2007. As part of the consideration for the purchase of such Convertible Notes, RCN issued to former holders of such Convertible Notes warrants to purchase 5,328,521 shares of RCN common stock at an exercise price of \$25.16 per share (subject to adjustment). Following the adjustments caused by the special cash dividend (discussed below), the warrants are currently exercisable for approximately 8,018,276 shares of common stock at an exercise price of \$16.72. All of these warrants were outstanding as of December 31, 2009 and expire on June 21, 2012.

Also in May 2007, the Company declared a dividend of \$9.33 per share of outstanding common stock (the "special dividend"), pursuant to which approximately \$347.3 million was paid in June 2007, excluding an additional amount of \$4.5 million in dividends to be paid upon vesting of employee restricted stock granted prior to the dividend date. As of December 31, 2009, approximately \$0.5 million remains to be paid upon vesting of the employee restricted stock. Pursuant to the warrant agreement, the adjustment to the price of the common stock due to the dividend resulted in an adjustment to both the exercise price of the warrants and the number of shares of common stock for which the warrants are exercisable. Immediately prior to the dividend "ex" date, the warrants were exercisable for one share of common stock at a price of \$25.16 per share.

Stock Repurchase Program

During 2007, the Company's Board of Directors authorized the repurchase of up to \$25 million of the Company's common stock. To date, the Company has repurchased approximately 2.6 million shares, of which 1,330,217 shares were repurchased in 2009 at a weighted average price of \$5.49 totaling \$7.3 million. In 2008 the company repurchased 1,035,800 shares at an average price of \$7.46 totaling \$7.7 million. All of these shares were retired. As of December 31, 2009, approximately \$6.3 million remains authorized for repurchases under the stock repurchase program.

Stock-Based Compensation

RCN's 2005 Stock Compensation Plan (the "Stock Plan") currently allows for the issuance of up to 8,327,799 shares of the Company's stock in the form of stock options, restricted stock and restricted stock units to RCN's directors, officers and employees. As of December 31, 2009, there were approximately 1.3 million shares available for grant under the Stock Plan.

The Company recognizes compensation expense for stock-based compensation issued to or purchased by employees, net of estimated forfeitures, using a fair value method. When estimating forfeitures, the Company considers voluntary termination behavior as well as actual option forfeitures. Any adjustments to the forfeiture rate result in a cumulative adjustment in compensation cost in the period the estimate is revised. Compensation expense is recorded for performance-based stock options, restricted stock awards ("RSAs"), and restricted stock units ("RSUs") based on the Company's projected performance relative to the performance goals established by the Board of Directors.

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Compensation expense recognized related to RSAs, RSUs and stock option awards are summarized in the table below:

	2009	2008	2007
		<i>(in thousands)</i>	
Restricted stock awards	\$ 2,082	\$ 2,832	\$ 10,093
Restricted stock units	5,182	2,506	—
Stock options	2,964	7,997	23,113
Total	<u>\$ 10,228</u>	<u>\$ 13,335</u>	<u>\$ 33,206</u>

As of December 31, 2009, total unamortized stock-based compensation expense related to stock options, restricted stock, and restricted stock units totaled \$20.0 million. The unamortized expense of \$20.0 million will be recognized through the third quarter of 2012. The Company expects to recognize approximately \$10.5 million, \$6.8 million and \$2.7 million in compensation expense in 2010, 2011 and 2012, respectively, based on outstanding grants under the Stock Plan as of December 31, 2009.

Stock Options

Stock options may be granted as either non-qualified stock options or incentive stock options. Substantially all of the options become exercisable in three equal installments (generally annual vesting over a three-year period), and generally expire seven years from the grant date. Certain executives have been awarded stock options which are performance-based and vest over a three-year period subject to meeting performance goals established by the Board of Directors.

The following table summarizes the Company's option activity during 2009, 2008 and 2007:

	2009			2008		2007	
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In Years)	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Awards Outstanding at January 1	4,057,561	\$ 13.94		3,884,652	\$ 15.49	2,963,674	\$ 23.37
Granted	383,975	9.05		1,362,702	11.10	330,677	14.39
Exercised	—	—		(32,081)	12.36	(315,130)	18.38
Forfeited	(1,880,762)	15.10		(1,157,712)	15.97	(422,368)	18.76
Special cash dividend adjustment	—	—		—	—	1,327,799	15.57
Awards Outstanding at December 31	<u>2,560,774</u>	<u>\$ 12.35</u>	4.02	<u>4,057,561</u>	<u>\$ 13.94</u>	<u>3,884,652</u>	<u>\$ 15.49</u>
Awards Exercisable at December 31	<u>1,627,713</u>	<u>\$ 13.44</u>	3.02	<u>2,552,767</u>	<u>\$ 14.98</u>	<u>2,283,819</u>	<u>\$ 15.77</u>

The intrinsic value in the awards outstanding was \$3.4 million at December 31, 2009. There was no intrinsic value in the awards exercisable at December 31, 2009. During 2008 and 2007, the total intrinsic value of stock options exercised was \$0.04 million and \$2.1 million, respectively and cash received from the stock options exercised was \$0.4 million and \$5.8 million, respectively. There were no stock options exercised in 2009.

In connection with the special cash dividend declared in May 2007 of \$9.33 per share, the Compensation Committee of the Board of Directors approved antidilution adjustments to outstanding stock option awards pursuant to the equity-based compensation plans to take into account the payment of the special cash dividend. Outstanding stock option awards were adjusted on June 12, 2007 (the ex-dividend date) by reducing the exercise price and increasing the number of shares issuable upon the exercise of each option, in accordance with safe harbor provisions of Section 409A of the Internal Revenue Code, such that the aggregate difference between the market price and exercise price multiplied by the number of shares issuable upon exercise was substantially the same immediately before and after the payment of the special cash dividend. The antidilution modification made with respect to such options resulted in a decrease in the weighted average exercise price from \$23.69 to \$15.58 and an increase in the aggregate number of shares issuable upon exercise of such options by 1,327,799. Since the Stock Plan permits, but does not require, antidilution modifications, FASB ASC Topic 718 requires a comparison of the fair value of each award immediately prior to and after the date of modification, assuming the value immediately prior to modification contains no antidilution protection, and the value immediately after modification contains full antidilution protection. This comparison resulted in an aggregate difference of \$14.2 million despite the fact that the aggregate difference between the market price and exercise price multiplied by the number of shares issuable upon exercise was substantially the same immediately before and after the modification. As of December 31, 2009, all of the additional expense as a result of the modification has been recognized.

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Stock Option Exchange Program

On June 2, 2009, RCN obtained stockholder approval for a stock option exchange program ("the Program") that permitted all of the current employees of RCN, except for the chief executive officer, to exchange outstanding options issued under the Stock Plan for a lesser number of new options with lower exercise prices. Under the Program, the exchange ratios were designed to result in a fair value of the replacement options to be granted to be approximately equal to the fair value of the options that were surrendered. The Program started on July 16, 2009 and ended on August 12, 2009.

Pursuant to the Program, RCN accepted for cancellation options to purchase 1,179,651 shares of the Company's common stock in exchange for new options to purchase 383,975 shares of the Company's common stock. The per share exercise price of the new options is \$9.05, which was the closing price of RCN's common stock as quoted on the NASDAQ Global Select Market on August 12, 2009. These new options have a three-year vesting period with one-third of the new options vesting on each anniversary of the grant date. Each of the new options has an expiration date that is seven years from the exchange date. All new options will be subject to the terms and conditions of the Stock Plan.

In accordance with the authoritative guidance for stock compensation awards classified as equity, the exchange of options is characterized as a modification. Any difference between the fair value of the new options over the fair value of the exchanged options results in additional non-cash compensation expense. No incremental stock option expense was recognized in connection with the exchange because the fair value of the new options, as determined based on the Lattice option pricing model, was equal to or lower than the fair value of the exchanged options.

The following table summarizes additional information regarding outstanding and exercisable options as of December 31, 2009:

Exercise Price per Option	Options Outstanding			Options Exercisable	
	Number Outstanding at 12/31/2009	Average Remaining Contractual Life (Years)	Weighted Average Exercise Price per Option	Number Exercisable at 12/31/2009	Weighted Average Exercise Price per Option
\$9.05	379,881	6.62		—	
\$11.22	783,622	5.20		262,147	
\$12.36	240,370	2.39		240,370	
\$13.79	894,419	2.39		894,419	
\$14.29	82,171	2.91		82,171	
\$14.39	95,748	4.67		64,043	
\$17.42	58,027	3.43		58,027	
\$19.78	26,536	3.93		26,536	
\$9.05 – \$19.78	<u>2,560,774</u>	<u>4.02</u>	<u>\$ 12.35</u>	<u>1,627,713</u>	<u>\$ 13.44</u>

During 2009, 2008, and 2007, the Company recorded compensation expense related to stock option grants totaling \$2.9 million, \$8.0 million, and \$23.1 million, respectively. Unamortized stock-based compensation expense for stock option awards at December 31, 2009 totaled \$2.6 million and will be amortized through the third quarter of 2012.

The Company values its stock options using both the Black Scholes and Lattice Model valuation methods. Expected volatility is based on the historical volatility of the price of RCN and several similarly sized cable and telecommunications companies over the past seven years. The Company uses historical information to estimate award exercises and forfeitures within the valuation model. The expected term of awards is derived from an analysis of the historical average holding periods and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The following table summarizes the weighted average valuation assumptions used in the Black Scholes valuation of the 2008 awards:

	2008
Dividend yield	0%
Expected volatility	54.0%
Risk-free interest rate	2.5%
Expected life (in years)	4.5

The weighted average fair value of options granted in 2008, valued using the Black Scholes method, was \$4.95.



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There were no awards granted in 2009 or 2007 that were valued using the Black Scholes valuation method.

The following table summarizes the weighted average valuation assumptions used in the Lattice valuation of the 2009, 2008 and 2007 awards:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Dividend yield	0%	0%	0%
Expected volatility	53.3%	53.4%	53.1%
Risk-free interest rate	3.3%	2.7%	4.3%
Expected life (in years)	3.4	3.4	4.1

The weighted average fair value of options granted in 2009, 2008 and 2007, valued using the Lattice method, was \$3.45, \$4.53 and \$5.87, respectively.

Restricted Stock Awards

Prior to 2008, the Company issued stock-based compensation to employees in the form of RSAs. RSA awards entitle employees or directors to receive at the end of each vesting period (generally annual vesting over a three-year period) one share of common stock for each RSA granted, conditioned on continued employment or service as a director throughout each annual vesting period. The fair value of each RSA granted is equal to the market price of the Company's stock at the date of grant.

The following table summarizes the Company's RSA activity during 2009, 2008 and 2007:

	<u>2009</u>		<u>2008</u>		<u>2007</u>	
	<u>Number of Shares</u>	<u>Weighted Average Fair Value per Share</u>	<u>Number of Shares</u>	<u>Weighted Average Fair Value per Share</u>	<u>Number of Shares</u>	<u>Weighted Average Fair Value per Share</u>
Nonvested, January 1	162,128	\$ 27.57	437,482	\$ 26.50	599,159	\$ 25.25
Granted	—	—	—	—	220,000	27.27
Vested	(104,477)	27.65	(239,506)	25.59	(362,731)	24.71
Forfeited	(5,979)	27.99	(35,848)	27.83	(18,946)	30.10
Nonvested, December 31	<u>51,672</u>	<u>\$ 27.35</u>	<u>162,128</u>	<u>\$ 27.57</u>	<u>437,482</u>	<u>\$ 26.50</u>

During 2009, 2008 and 2007, the Company recorded compensation expense related to RSA grants totaling \$2.1 million, \$2.8 million and \$10.1 million, respectively. Compensation expense recorded for performance-based restricted stock is based on the Company's projected performance relative to the Board-established performance goals. Unamortized stock-based compensation expense at December 31, 2009 for RSA grants totaled \$0.3 million and will be amortized through the first quarter of 2010.

Restricted Stock Units

Beginning in 2008, the Company issued stock-based compensation to employees in the form of RSUs, which are grants of a contractual right to receive future value delivered in the form of RCN common stock.

During 2009, the Compensation Committee approved grants of 1,828,558 RSUs to management and employees which vest over a three-year period. During this period the Compensation Committee also approved grants of 195,954 restricted stock units to the Board of Directors which generally vest over a one-year period.

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The following table summarizes the Company's RSU activity in 2009 and 2008:

	2009		2008	
	Number of Shares	Weighted Average Fair Value per Share	Number of Shares	Weighted Average Fair Value per Share
Nonvested, January 1	653,923	\$ 11.13	—	\$ —
Granted	2,024,512	8.91	719,231	11.15
Vested	(321,486)	9.25	(16,243)	11.97
Forfeited	(82,558)	9.37	(49,065)	11.22
Nonvested, December 31	<u>2,274,391</u>	<u>\$ 9.50</u>	<u>653,923</u>	<u>\$ 11.13</u>

Compensation expense for RSUs is recognized for the awards that are expected to vest. The expense is based on the fair value of the awards on the date of grant recognized on a straight-line basis over the requisite service period, which is generally a three-year period for employees and one-year period for the Board of Directors. Compensation expense recorded for performance-based RSUs is based on the Company's projected performance relative to the Board-established performance goals. Certain RSUs granted to employees were performance-based and vest subject to meeting performance goals established by the Board of Directors. In 2009 and 2008, the Company recorded compensation expense related to RSU grants totaling \$5.2 million and \$2.5 million, respectively. At December 31, 2009, there was \$17.1 million of unamortized stock-based compensation expense related to nonvested RSUs which will be amortized through the third quarter of 2012.

NOTE 12. INCOME TAXES

The provision (benefit) for income taxes on income from continuing operations consisted of the following:

	2009	2008	2007
		(in thousands)	
Current:			
Federal	\$ —	\$ —	\$ —
State	308	—	—
Foreign	—	—	—
	<u>308</u>	<u>—</u>	<u>—</u>
Deferred:			
Federal	—	—	(408)
State	764	—	(641)
	<u>764</u>	<u>—</u>	<u>(1,049)</u>
Total	<u>\$ 1,072</u>	<u>\$ —</u>	<u>\$ (1,049)</u>

The Company's 2009 provision for income taxes was \$1.1 million, \$0.8 million of which is attributable to changes in the deferred tax liability provided for the Company's indefinite-lived intangibles. The Company's 2007 provision for income taxes was a benefit of \$1.0 million, all of which is attributable to changes in the deferred tax liability provided for the Company's indefinite-lived intangibles.

Deferred income taxes reflect temporary differences in the recognition of revenue and expense for tax reporting and financial statement purposes. Temporary differences that gave rise to a significant portion of deferred tax assets and liabilities were as follows:

	December 31,	
	2009	2008
	(in thousands)	
Net operating loss carryforwards	\$ 584,265	\$ 582,388
Capital loss carryforward	7,283	7,283
Employee benefit plan	5,953	2,667
Allowance for doubtful accounts	2,873	1,541
Stock-based compensation	13,318	16,504
Unearned revenue	5,107	5,123
Other, net	8,015	8,477
Subtotal	626,814	623,983
Valuation allowance	(578,127)	(570,222)
Total deferred tax assets	48,687	53,761
Property, plant, and equipment	(47,878)	(53,443)
Intangibles	(37,727)	(36,472)

Total long-term deferred tax liabilities	<u>(85,605)</u>	<u>(89,915)</u>
Net long-term deferred tax liabilities	<u>\$ (36,918)</u>	<u>\$ (36,154)</u>

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The provision (benefit) for income taxes on continuing operations varies from the amounts computed by applying the U.S. federal statutory tax rate as a result of the following differences:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
		<i>(in thousands)</i>	
Net loss	\$ (28,618)	\$ (70,726)	\$ (152,037)
Total provision (benefit) for income taxes	<u>1,072</u>	<u>—</u>	<u>(1,049)</u>
Loss before provision for income taxes	<u>\$ (27,546)</u>	<u>\$ (70,726)</u>	<u>\$ (153,086)</u>
Federal income tax benefit at statutory rate	\$ (9,641)	\$ (24,754)	\$ (53,580)
State income taxes, net of federal income tax provision	964	(4,328)	(8,864)
Valuation allowance	9,633	28,779	44,927
Restructuring costs	—	—	15,282
Nondeductible expenses	116	303	746
Reversal of stock-based compensation	—	—	440
Total provision (benefit) for income taxes	<u>\$ 1,072</u>	<u>\$ —</u>	<u>\$ (1,049)</u>

During 2009, the Company generated federal net operating losses (“NOLs”) of approximately \$2.8 million resulting in a deferred tax asset of approximately \$1.0 million. During 2008, the Company generated federal NOLs of approximately \$64.2 million resulting in a deferred tax asset of approximately \$22.3 million. As of December 31, 2009, the Company has federal NOL carryforwards of approximately \$1.5 billion. The federal NOLs will expire between 2022 and 2029. Use of the NOLs acquired from NEON and generated prior to the Company’s emergence from bankruptcy are limited under the ownership change rules in the U.S. Internal Revenue Code (“IRC”). These limitations have been applied in determining the federal NOL and the related expiration periods detailed above. The utilization of the expected tax benefit from property and equipment depreciation could also be impacted by the ownership change rules of the IRC. In the table above, the change in the state valuation allowance for 2009 is included in State income taxes, net of federal income tax provision. For 2007 and 2008, the change in the state valuation allowance is included in valuation allowance.

The Company’s ability to use the NOLs can be negatively impacted if there is a future “ownership change” as defined in Section 382 of the IRC. In general, this would occur if certain ownership changes related to the Company’s stock that are held by five percent or greater stockholders, exceeds 50 percent measured over a rolling three year period. In the event an “ownership change” were to occur, the Company’s ability to utilize the NOLs could be significantly limited and could cause the Company to be a federal income tax cash payer much sooner than currently anticipated.

The net change in the valuation allowance for deferred tax assets during 2009 was an increase of \$7.9 million and during 2008 was an increase of \$38.9 million. The valuation allowance is primarily related to deferred tax assets due to the uncertainty of realizing the full benefit of the NOL carryforwards. In evaluating the amount of the valuation allowance needed, the Company considers the prior operating results and future plans and expectations. The utilization period of the NOL carryforwards and the turnaround period of other temporary differences are also considered. The determination of the required valuation allowance against net deferred tax assets was made without taking into account the deferred tax liabilities created from the book and tax differences on indefinite-lived assets.

The Company adopted the provisions of FASB ASC 740-10 on January 1, 2007 which did not have a material effect on the Company’s consolidated financial position or results of operations. The statute of limitations for the Company’s U.S. federal income tax returns and certain state income tax returns, including, among others, California, Illinois, New York and Virginia, remain open for tax years 2006 and after.

NOTE 13. EMPLOYEE BENEFIT PLANS

The Company has a 401(k) savings plan that covers substantially all of its employees. Participants in the savings plan may elect to contribute, on a pretax basis, a certain percentage of their salary to the plan. Through March 2009, the Company matched a certain percentage of each participant’s contributions in accordance with the provisions of the 401(k) plan. The expense under the 401(k) plan related to the Company’s matching contribution was \$0.5 million, \$2.7 million and \$2.6 million for 2009, 2008 and 2007, respectively. The Company suspended the matching contribution to the Company’s 401(k) plan in the beginning of March 2009.

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NOTE 14. COMMITMENTS AND CONTINGENCIES

Rent Expense

Total rental expense (net of sublease income of \$1.5 million, \$1.8 million and \$1.2 million for 2009, 2008 and 2007, respectively) primarily for facilities was \$16.7 million, \$16.9 million and \$15.1 million for 2009, 2008 and 2007, respectively.

At December 31, 2009, approximate future minimum payments under non-cancelable real estate leases, net of contractual sublease income of \$1.9 million in total through 2015, are as follows:

Year	(in thousands)
2010	\$ 16,223
2011	14,020
2012	12,046
2013	10,971
2014	9,625
Thereafter	21,826

Letters of Credit

The Company had outstanding letters of credit in an aggregate face amount of \$40.1 million at December 31, 2009. These letters of credit utilize approximately 53% of the Company's \$75 million revolving line of credit as collateral.

Guarantees

The Company is a guarantor on four leases for buildings that were used in the former San Francisco, California operations totaling \$10.9 million at December 31, 2009.

Self Insurance

The Company is self-insured on its largest employee medical plan, which covers approximately 57% of its employees, and for its casualty insurance coverage (subject to certain limitations). The liabilities are established on an actuarial basis and totaled \$4.9 million and \$5.3 million at December 31, 2009 and 2008, respectively. The liability is included in accrued expenses and other liabilities on the consolidated balance sheets.

Litigation

The Company is party to various legal proceedings that arise in the normal course of business. In the present opinion of management, none of these proceedings, individually or in the aggregate, are likely to have a material adverse effect on the consolidated financial position or consolidated results of operations or cash flows of the Company. However, management cannot provide assurance that any adverse outcome would not be material to the Company's consolidated financial position or consolidated results of operations or cash flows.

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NOTE 15. FINANCIAL DATA BY BUSINESS SEGMENT

The Company's reportable segments consist of (i) the Residential / SMB business units, and (ii) the RCN Metro business unit. In evaluating the profitability of these segments, the components of net income (loss) below operating income (loss) before depreciation and amortization, stock-based compensation and any exit costs or restructuring charges are not separately evaluated by the Company's management. Assets are not allocated to segments for management reporting. Financial data by business segment is as follows:

	Year Ended December 31,		
	2009	2008	2007
	<i>(in thousands)</i>		
Net Operating Revenues:(1)			
Residential/SMB(1)	\$ 574,057	\$ 567,931	\$ 546,263
RCN Metro(1)	189,713	171,312	89,834
<i>Total</i>	<u>\$ 763,770</u>	<u>\$ 739,243</u>	<u>\$ 636,097</u>
Operating Expenses:(2)			
Residential/SMB(2)	\$ 585,088	\$ 602,008	\$ 630,942
RCN Metro(2)	163,916	157,540	86,514
<i>Total</i>	<u>\$ 749,004</u>	<u>\$ 759,548</u>	<u>\$ 717,456</u>
Operating Income before Depreciation & Amortization, Stock-Based Compensation, Exit Costs and Restructuring Charges:			
Residential/SMB	\$ 155,355	\$ 145,421	\$ 135,470
RCN Metro	63,487	48,838	20,637
<i>Total</i>	<u>\$ 218,842</u>	<u>\$ 194,259</u>	<u>\$ 156,107</u>
Stock-Based Compensation:			
Residential/SMB	\$ 7,676	\$ 10,364	\$ 28,205
RCN Metro	2,552	2,971	5,001
<i>Total</i>	<u>\$ 10,228</u>	<u>\$ 13,335</u>	<u>\$ 33,206</u>
Depreciation and Amortization:			
Residential/SMB	\$ 158,036	\$ 167,532	\$ 183,855
RCN Metro	35,237	31,383	12,211
<i>Total</i>	<u>\$ 193,273</u>	<u>\$ 198,915</u>	<u>\$ 196,066</u>
Exit Costs and Restructuring Charges:			
Residential/SMB	\$ 674	\$ 1,602	\$ 8,089
RCN Metro	(99)	712	105
<i>Total</i>	<u>\$ 575</u>	<u>\$ 2,314</u>	<u>\$ 8,194</u>
Operating (Loss) Income:			
Residential/SMB	\$ (11,031)	\$ (34,077)	\$ (84,679)
RCN Metro	25,797	13,772	3,320
<i>Total</i>	<u>\$ 14,766</u>	<u>\$ (20,305)</u>	<u>\$ (81,359)</u>
Additions to Property, Plant and Equipment:			
Residential/SMB	\$ 81,713	\$ 112,883	\$ 94,942
RCN Metro	36,542	30,369	20,568
<i>Total</i>	<u>\$ 118,255</u>	<u>\$ 143,252</u>	<u>\$ 115,510</u>

(1) All revenues reported for the individual segments are from external customers.

(2) Operating expenses include stock-based compensation expense.

NOTE 16. SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

The table below summarizes the Company's cash payments for interest and income taxes for 2009, 2008 and 2007:

Supplemental Disclosures of Cash Flow Information	2009	2008	2007
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(in thousands)

Cash paid during the period for:						
Interest, net of capitalized interest of \$0	\$	40,059	\$	51,213	\$	38,663
Income taxes	\$	300		—		—

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In May 2007, the Company issued 5,328,521 warrants to purchase shares of common stock with an exercise price equal to \$25.16 (subject to adjustment) to the former holders of its Convertible Notes. Following the adjustments caused by the special cash dividend, the warrants are currently exercisable for approximately 1.50478 shares of common stock (8,018,276 total shares) at a price per share of \$16.72 (see Note 11).

NOTE 17. SELECTED FINANCIAL DATA (Unaudited)

Quarterly results of operations for 2009 and 2008 are as follows:

	2009				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	<i>(in thousands, except per share data)</i>				
Revenues	\$ 189,228	\$ 192,332	\$ 191,921	\$ 190,289	\$ 763,770
Operating income (2)	879	2,534	4,689	6,664	14,766
Net loss	(9,632)	(9,401)	(5,668)	(3,917)	(28,618)
Basic and Diluted: net loss per share	\$ (0.27)	\$ (0.26)	\$ (0.16)	\$ (0.11)	\$ (0.80)

	2008				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	<i>(in thousands, except per share data)</i>				
Revenues	\$ 179,815	\$ 184,352	\$ 187,054	\$ 188,022	\$ 739,243
Operating (loss) income	(12,845)	(5,088)	(2,631)	259	(20,305)
Net loss	(26,204)	(16,651)	(14,725)	(13,146)	(70,726)
Basic and Diluted: net loss per share (1)	\$ (0.71)	\$ (0.45)	\$ (0.40)	\$ (0.36)	\$ (1.91)

(1) As a result of rounding, the total of the four quarters' earnings per share does not equal the earnings per share for the year.

(2) In the second quarter of 2009, the Company recorded an impairment adjustment totaling \$4.5 million related to equipment which has not been returned by former customers. Included in this impairment adjustment is \$1.6 million that relates to periods prior to January 1, 2009.

NOTE 18. SUBSEQUENT EVENT

On March 5, 2010, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with entities controlled by a private equity fund associated with ABRY Partners, LLC, pursuant to which to those entities agreed to acquire the Company for total consideration of approximately \$1.2 billion, including the assumption of debt. The transaction is expected to be completed in the second half of 2010, subject to receipt of stockholder approval, regulatory approvals, including the receipt of required consents and approvals of the Federal Communications Commission, as well as satisfaction of other customary closing conditions. The transaction is not subject to any financing condition. Under the terms of the Merger Agreement, the Company may solicit proposals from third parties for 40 days through April 14, 2010.

RCN CORPORATION AND SUBSIDIARIES
SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

	Balance at Beginning of Period	Additions			Balance at End of Period
		Charged to Cost and Expense	Charged to Other Accounts (2)	Accounts Written Off (1)	
<i>(in thousands, except per share data)</i>					
Allowance for doubtful accounts receivable					
December 31, 2009	\$ 3,770	\$ 16,387	\$ 3,240	\$ 16,465	\$ 6,932
December 31, 2008	4,298	16,384	(334)	16,578	3,770
December 31, 2007	4,205	10,880	396	11,183	4,298

- (1) Consists of write-offs, net of recoveries and collection fees in each year.
- (2) Includes certain intercarrier compensation receivables fully reserved for at time of billing in 2009, as well as adjustments and additions for acquisitions in 2008 and 2007.

Exhibit E

911 Coordinator list indicating each 911 Coordinator contacted

Applicant's initial plans are to begin services within one year. Applicant is contacting the 911 coordinators for all counties in the Verizon-North, Verizon-Pennsylvania, Commonwealth, Ironton, and Palmerton territories.

Adams County

Donna Powers - 911 Coordinator
230 Greenamyer Lane
Gettysburg, PA 17325-2313

Allegheny County

James Thompson - 911 Coordinator
400 North Lexington St
Suite 200
Pittsburgh, Pa 15208

Allentown, City of

Mike Hilbert - 911 Coordinator
1304 Fairview Street
Allentown, PA 18102

Armstrong County

Ronald Baustert - 911 Coordinator
450 East Market Street
Kittanning, PA 16201-1409

Beaver County

Wesley Hill - 911 Coordinator
250 East End Avenue
Beaver, PA 15009

Bedford County

Pam Corley - 911 Coordinator
200 South Juliana Street
Bedford, PA 15522

Berks County

Daphne Miller - 911 Coordinator
Directlink Technologies Center
2561 Bernville Road
Reading, PA 19605

Bethlehem, City of

Robert Haffner - 911 Coordinator
10 East Church Street
Bethlehem, PA 18018-6025

Blair County

Scott Beveridge - 911 Coordinator
615 4th Street
Altoona, PA 16602

Bradford County

Robert Repasky - 911 Coordinator
R. D. # 1
Box 179-C
Towanda, PA 18848

Bucks County

Peter Ference - 911 Coordinator (Acting)
55 East Court Street
Doylestown, PA 18901

Butler County

Frank Matis - 911 Coordinator
120 McCune Dr
Butler, PA 16001

Cambria County

Carol Peretin - 911 Coordinator
401 Candlelight Drive
Suite 100
Ebensburg, PA 15931

Cameron County

Laura Narby - 911 Coordinator
20 E. 5th Street
Emporium, PA 15834

Carbon County

Gary Williams - 911 Coordinator
1264 Emergency Lane
Nequehoning, PA 18240

Centre County

Dan Tancibok - 911 Coordinator
Willowbank Office Building
420 Holmes Street
Bellefonte, PA 16823

Chester County

Edward Atkins - 911 Coordinator
Government Service Center
601 Westtown Road, Suite 12
West Chester, PA 19380-0990

Clarion County

Marcie Emhoff - 911 Coordinator
Clarion County Office of Emergency Services
421 Madison Road
Clarion, PA 16214

Clearfield County

Debra Archer - 911 Coordinator
911 Leonard Street
Clearfield, PA 16830-3245

Clinton County

Kevin Fanning - 911 Coordinator
22 Cree Drive
Lock Haven, PA 17745

Columbia County

Irene Miller - 911 Coordinator
Court House
P.O. Box 380
Bloomsburg, PA 17815

Crawford County

Kevin Nicholson - 911 Coordinator
903 Diamond Park
Meadville, PA 16335

Cumberland County

Theodore Wise - 911 Coordinator
1 Courthouse Square
Carlisle, PA 17013

Dauphin County

Gregory Kline - 911 Coordinator
911 Gibson Boulevard
Steelton, PA 17113-1988

Delaware County

James Knapp - 911 Coordinator
360 North Middletown Road
Media, PA 19063

Elk County

Berniece Jarbeck - 911 Coordinator
Court House
P.O. Box 448
Ridgway, PA 15853

Erie County

John Grappy - 911 Coordinator
2880 Flower Road
Erie, PA 16509

Fayette County

L. Guy Napolillo - 911 Coordinator
24 East Main St., 4th Floor
Uniontown, PA 15401

Forest County

Scott Henry - 911 Coordinator
526 Elm Street
Unit 3
Tionesta, PA 16353-9724

Franklin County

Bryan Stevenson - 911 Coordinator (Acting)
Court House
157 Lincoln Way East
Chambersburg, PA 17201

Fulton County

Vince Joyce - 911 Coordinator
116 West Market Street
Suite 102
McConnellsburg, PA 17233

Huntingdon County

John Harris - 911 Coordinator
530 Washington Street
Huntingdon, PA 16652

Indiana County

Thomas Stutzman - 911 Coordinator
85 Haven Drive
Indiana, PA 15701

Jefferson County

Todd Oleary - 911 Coordinator
560 Service Center Rd
Brookville, PA 15825

Juniata County

Allen Weaver - 911 Coordinator
11 N. Third Street
Mifflintown, PA 17059

Lackawanna County

Thomas Dubas - 911 Coordinator
30 Valley View Business Park
Jessup, PA 18434

Lancaster County

Michael Weaver - 911 Coordinator
28 South Charlotte Street
PO Box 487
Manheim, PA 17545-0219

Lawrence County

Jeff Parish - 911 Coordinator
110 E Lincoln Ave
New Castle, PA 16101

Lebanon County

Dan Kauffman - 911 Coordinator
Room 12
County-City Building
Lebanon, PA 17042

Lehigh County

Laurie Bailey - 911 Coordinator
455 West Hamilton Street
Allentown, PA 18101

Luzerne County

Edward Casaldi - 911 Coordinator (Interim)
100 Young St.
Wilkes-Barre, PA 18711-1001

Lycoming County

Connie Turner - 911 Coordinator
542 County Farm Road
Suite 101
Montoursville, PA 17754

McKean County

Larry Norton - 911 Coordinator
17175 Route 6
Smethport, PA 16749

Mercer County

Frank Jannetti, Jr. - 911 Coordinator
205 South Erie Street
Mercer, PA 16137-1501

Mifflin County

Philip Lucas - 911 Coordinator
20 North Wayne Street
Lewistown, PA 17044

Monroe County

Gary Hoffman - 911 Coordinator
100 Gypsum Road
Stroudsburg, PA 18360

Montgomery County

Steve Keeley - 911 Coordinator
50 Eagleville Road
Eagleville, PA 19403

Montour County

Walter Peters, III - 911 Coordinator
30 Woodbine Lane
Danville, PA 17821

Northampton County

Richard Teasdale - 911 Coordinator
100 Gracedale Ave
Nazareth, PA 18064

Northumberland County

Jason Lehman - 911 Coordinator
911 Greenough Street Suite 2
Sunbury, PA 17801

Perry County

Larry Smeigh - 911 Coordinator
PO Box 37
New Bloomfield, PA 17068

Philadelphia

Frank Punzo - 911 Coordinator
Dept. of Public Property Communications Div.
Room 732, City Hall
Philadelphia, PA 19107

Pike County

J. Bernard Swartwood - 911 Coordinator
Administration Building
506 Broad Street
Milford, PA 18337

Potter County

John Hetrick - 911 Coordinator
24 Maple View Lane
Coudersport, PA 16915

Schuylkill County

Scott Krater - 911 Coordinator
435 North Centre Street
Pottsville, PA 17901

Snyder County

Chad Aucker - 911 Coordinator
30 Universal Road
Selinsgrove, PA 17870

Somerset County

David Fox - 911 Coordinator
111 East Union Street
Somerset, PA 15501

Tioga County

David Cohick - 911 Coordinator
Tioga County Emergency Services
118 Main Street
Wellsboro, PA 16901

Venango County

Steve Rembold - 911 Coordinator
1052 Grandview Road
Oil City, 16301

Warren County

Todd Lake - 911 Coordinator
100 Dillon Drive Suite 203
Youngsville, PA 16371

Washington County

Jeffrey Yates - 911 Coordinator
100 West Beau Street
C-1
Washington, PA 15301

Wayne County

Marty Hedgelon - 911 Coordinator
Courthouse Annex
Honesdale, PA 18431-1996

Westmoreland County

Joseph Niedzalkoski - 911 Coordinator
911 Public Safety Road
Greensburg, PA 15601

York County Office of Emergency Management

Cindy Dietz - 911 Coordinator
120 Davies Drive
York, PA 17402



VIA CERTIFIED MAIL

April 1, 2010

Re: RCN Telecom Services (Lehigh) LLC

Dear 911 Coordinator:

RCN Telecom Services (Lehigh) LLC ("RCN Lehigh") is in the process of seeking authority to provide facilities-based and resold competitive local exchange service in the service territories of Verizon Pennsylvania, Verizon North, Commonwealth, Ironton, and Palmerton in the Commonwealth of Pennsylvania. As part of that process, RCN Lehigh is required to contact the appropriate 911 Coordinators in each county, and in certain instances each city, in which it intends to provide service. This letter is to notify you that RCN Lehigh may provide service in your area and would like to make arrangements for the provisioning of emergency 911 service to RCN Lehigh customers that reside within.

Please provide the undersigned with information and details regarding what is needed to provision such service in your territory. Please do not hesitate to contact the same should you have any questions or need further information.

A handwritten signature in cursive script that reads "Ellen Frantz".

Ellen Frantz
Sr Manager
2124 Ave C
Bethlehem, Pa 18017
610-443-2803 Office
484-951-9863 Cell
610-419-2655 Fax
Ellen.frantz@rcn.net

CERTIFICATE OF SERVICE

I hereby certify that on this day 1st of April, 2010, I caused to be served a copy of the foregoing application upon the following, by first class mail, postage prepaid, or equivalent service:

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923

Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Office of the Attorney General
Office of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

In addition, a copy of the foregoing Interexchange Carrier, Competitive Local Exchange Carrier and Competitive Access Provider application is also served this day by first class mail on the following Incumbent Local Exchange Carriers:

Ms. Julia A. Conover, Esq.
Verizon-Pennsylvania and Verizon-North
1717 Arch Street, 32 Floor
Philadelphia, PA 19103

Commonwealth Telephone Co.
100 CTE Drive
Dallas, PA 18612

Palmerton Telephone Company
P.O. Box 215
465 Delaware Avenue
Palmerton, PA 18071

Ironton Telephone Company
4242 Mauch Chunk Road
Coplay, PA 18037



Danielle Burt