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October 7, 2011

**VIA HAND DELIVERY**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, Second Floor  
Harrisburg, PA 17120

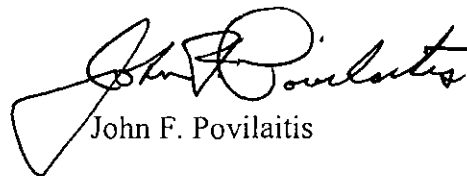
Re: Joint Application of DSLnet Communications, LLC and DIECA  
Communications, Inc. For Authority to Complete Certain *Pro Forma* Intra-  
Corporate Transactions

Dear Secretary Chiavetta:

Enclosed is an original and three (3) copies of the above-captioned Joint Application For a General Rule Transaction. Copies have been served as indicated on the attached Certificate of Service. Also enclosed is a check for the filing fee of \$350.00.

Thank you for your attention to this matter. Please contact the undersigned if you have any questions.

Very truly yours,

  
John F. Povilaitis

JFP/kra  
Enclosure  
cc: Certificate of Service

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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PA PUC  
SECRETARY'S BUREAU

Joint Application of :  
: :  
**DSLnet Communications, LLC,** : Docket No. \_\_\_\_\_  
and : :  
**DIECA Communications, Inc.** : :  
: :  
For Authority to Complete Certain *Pro* : :  
*Forma* Intra-Corporate Transactions :

**JOINT APPLICATION FOR A GENERAL RULE TRANSACTION**

DSLnet Communications, LLC (“DSLnet”) and DIECA Communications, Inc. d/b/a Covad Communications Company (“DIECA” and together with DSLnet, the “Applicants”), pursuant to Section 1102(a) of the Public Utility Code, 66 Pa.C.S. § 1102(a) and the Pennsylvania Public Utility Commission’s (“Commission”) Policy Statement on Utility Stock Transfers at 52 Pa. Code § 69.901, and the Commission regulations on Abbreviated Procedures for Review of Transfer of Control of Telecommunications Public Utilities at 52 Pa. Code §§ 63.321 - 63.325, respectfully request Commission approval, to the extent required, of the proposed *pro forma* merger of DSLnet into DIECA. In the same transaction, the Applicants’ unregulated affiliates MegaPath, Inc. (“MegaPath”), Covad Communications Company (“CCC”) and DSLnet Communications VA, Inc. (“DSLnet-VA”),<sup>1</sup> (DIECA, DSLnet, DSLnet-VA, CCC and MegaPath, collectively, the “MegaPath Group”) will also be merged into DIECA with DIECA surviving (the “Transactions”).<sup>2</sup> The Transactions are being undertaken merely as an internal *pro*

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<sup>1</sup> CCC and DSLnet-VA hold authorizations to provide telecommunications services in other jurisdictions, but do not hold such authorizations in Pennsylvania. MegaPath does not provide regulated telecommunications services in any jurisdiction.

<sup>2</sup> While the Applicants currently expect the transactions described herein to be accomplished through *pro forma* corporate mergers, given the tax and operational consequences of the proposed

*forma* reorganization of the companies into DIECA in order to streamline operations under a single “MegaPath” branded company combining the individual operations of the various affiliated entities.<sup>3</sup> As a result of the Transactions, DSLnet’s, DSLnet-VA’s, MegaPath’s, and CCC’s customers and the assets to support the provision of services to those customers will be transferred to DIECA, which will become the service provider for those customers. As described below, because the rates, terms or conditions of the services being received by customers will not change as a result of the assignment, the proposed Transactions will be virtually transparent to customers of DSLnet in terms of the services that those customers receive. Since DIECA already holds a certificate of public convenience and necessity (“Certificate”), the Certificate of DSLnet is not being transferred to DIECA and, therefore, DSLnet requests that its Certificates and tariffs be cancelled upon notification by Applicants that the Transactions were completed.<sup>4</sup>

Subject to regulatory approval, Applicants currently propose to complete the Transactions on or before December 31, 2011. Given the non-controversial nature of the proposed merger, the Applicants request that the Commission act expeditiously to grant the authority requested herein as soon as possible so that the Applicants can timely consummate the proposed transaction to meet important business objectives. Specifically, Applicants request that the Commission approve the

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Transfer transactions, the Applicants may alternatively elect to accomplish the transactions through a sale of assets rather than through mergers, or through a combination of both. As such, the Applicants request authority, to the extent necessary, to undertake the Transfer through either manner.

<sup>3</sup> DIECA expects to undertake a name change to effectuate the “MegaPath” brand name. A separate filing with the Commission will be made with respect to that name change.

<sup>4</sup> The Parties intend for the Transactions to be completed in the fourth quarter 2011 with an effective date of December 31, 2011 (“Effective Date”), which is the rationale for requesting that the DSLnet certificate not be relinquished until the Parties have notified the Commission after the Transactions are completed. The Parties believe that use of an Effective Date will minimize customer confusion and enable consistent messaging to customers about this *pro forma* event.

aforementioned *pro forma* intra-corporate merger no later than at its Public Meeting scheduled for December 1, 2011.

In support of their Application, the Applicants state as follows:

**I. DESCRIPTION OF THE APPLICANTS**

**A. MegaPath, Inc. and DSLnet Communications, LLC**

MegaPath Inc. is a Delaware corporation, and is the parent company of DSLnet Communications, LLC. MegaPath Inc. is a wholly-owned subsidiary of CCGI Holding Corporation. MegaPath is a provider of a variety of managed Internet Protocol (“IP”) services including cable and satellite system broadband Internet access, mobility services such as digital certificates, global remote access, personal firewalls, and remote access virtual private networks (“VPN”), and security services. MegaPath does not currently offer any regulated telecommunications services and therefore does not hold any telecommunications authorizations from the Federal Communications Commission (“FCC”) or any state regulatory authority.

DSLnet Communications, LLC is a Delaware limited liability company. DSLnet provides highspeed Internet access services. DSLnet is authorized to provide intrastate telecommunications services in forty-seven (47) states and the District of Columbia, and DSLnet’s affiliate DSLnet Communications VA, Inc. is only authorized to provide intrastate telecommunications services in Virginia. In Pennsylvania, DSLnet is authorized to provide (1) resold toll services pursuant to a Certificate of Public Convenience (“Certificate”) issued by the Commission in Docket No. A-310824, (2) resold and facilities-based competitive local exchange services pursuant a Certificate issued by Commission in Docket No. A-310824F0002, (3) facilities-based interexchange telecommunications services pursuant to a Certificate issued by the Commission in A-310824F0003, and (4) competitive access provider services pursuant to a

Certificate issued by the Commission in A-310824F0004. DSLnet is also authorized by the FCC to provide international and domestic interstate telecommunications services as a non-dominant carrier.

**B. Covad Communications Company and DIECA Communications, Inc.**

Covad Communications Group, Inc. ("Covad") is a Delaware corporation that owns Covad Communications Company ("CCC"), a California corporation, and DIECA Communications, Inc. ("DIECA"), a Virginia corporation. Covad, in turn, is a wholly-owned subsidiary of CCGI Holding Corporation. Covad is a leading nationwide provider of integrated voice and data communications. Through its operating companies (CCC and DIECA), the company offers DSL, Voice Over IP, T1, Ethernet, Web hosting, managed security, IP and dial-up, wireless broadband, and bundled voice and data services directly through Covad's network and through Internet Service Providers, value-added resellers, telecommunications carriers and affinity groups to small and medium-sized businesses and home users. Covad broadband services are currently available across the nation in 44 states and 235 Metropolitan Statistical Areas ("MSAs") and can be purchased by more than 57 million homes and businesses, which represent over 50 percent of all US homes and businesses.

In Pennsylvania, DIECA is authorized to provide facilities-based and resold local exchange, exchange access and interexchange telecommunications services in the Commonwealth of Pennsylvania pursuant to Certificates of Public Convenience and Necessity granted by the Commission on January 9, 1999 at Docket Nos. A-310696, A-310696 F0002 and on June 12, 2003 at Docket No. A-310696 F0003. DIECA is also authorized by the FCC to provide international and domestic interstate telecommunications services as a non-dominant

carrier. CCC does not currently offer any regulated telecommunications services in Pennsylvania and therefore does not hold any telecommunications authorizations from the Commission.

## **II. CONTACT INFORMATION**

Questions or inquiries concerning this Application may be directed to:

For Applicants:

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And:

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MegaPath, Inc.  
1750 K Street, N.W., Suite 200  
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anthony.hansel@megapath.com

## **III. DESCRIPTION OF THE TRANSACTION**

All of the entities involved in this Application are indirect, wholly-owned subsidiaries of CCGI Holding Corporation, and are already operating under a common management structure. Applicants propose to complete a series of *pro forma* internal restructuring merger transactions through which DIECA will acquire the assets of MegaPath, DSLnet, DSLnet-VA, and CCC, including their respective customer bases and substantially all of their assets used in the provision

of telecommunications services.<sup>5</sup> Upon consummation of the proposed Transactions, DSLnet will surrender its CPCN. For the Commission's convenience, an organizational chart demonstrating the proposed Transactions is attached hereto as Exhibit A. As a result of the proposed Transactions, DIECA will replace DSLnet as the service provider in Pennsylvania. Subject to receipt of the required regulatory approvals, the Transactions are expected to close in the fourth quarter this year.

Applicants emphasize that although the proposed Transactions will involve a transfer of customers, immediately following the proposed Transactions, all of those customers will continue to receive service from DIECA under the same rates, terms and conditions as the services currently provided. As a result, the proposed Transactions will be almost seamless and virtually transparent to customers served by MegaPath, CCC, DSLnet and DSLnet-VA in terms of the services that they currently receive. DSLnet does not currently provide intrastate telecommunications services to its Pennsylvania customers, but rather provides jurisdictionally interstate services under contract. As such, Applicants do not believe that the Commission's slamming rules are applicable with respect to the Transactions. Nonetheless, the parties have already begun to inform customers of the pending change pursuant to their contractual notification requirements. Moreover, because DIECA will succeed to all of the assets of MegaPath, DSLnet, DSLnet-VA and CCC necessary to provide service to the transferred customers, DIECA will have all of the assets required to continue to provide high-quality services to the customers it acquires.

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<sup>5</sup> As discussed above in note 1, the Applicants request authority, to the extent necessary, to undertake the Transactions through either transfers of assets between parties as discussed herein, mergers of the relevant entities, or both.

DIECA is well-qualified to provide service to MegaPath, DSLnet and CCC customers. DIECA currently provides local and long distances telecommunications services in 37 states and the District of Columbia. DIECA's operations will continue to be overseen by the same well-qualified management team with substantial telecommunications experience and technical expertise.

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

The proposed Transactions described above will serve the public interest by ensuring that the assigned customers enjoy continuity of high-quality services. In particular, the assignment of MegaPath's, CCC's, DSLnet's and DSLnet-VA's customers, together with the transfer of other assets required to serve those customers, will ensure that the customers continue to receive uninterrupted services. The customers will be served by DIECA, a carrier with significant technical, managerial and financial resources. The Transactions are intended to streamline the operations of the companies, and thereby create operational efficiencies. No changes in management or operational personnel are expected as a result of this reorganization. Streamlining operations will strengthen the competitive position of DIECA in Pennsylvania to the benefit of the Pennsylvania telecommunications marketplace. No existing or potential competitors will be eliminated as a result of the proposed Transactions.

Applicants seek to complete the proposed Transactions as soon as possible. Accordingly, Applicants respectfully request that the Commission process, consider, and approve this Application as expeditiously as possible.

#### **V. INFORMATION REQUIRED BY 52 PA. CODE § 63.324(d)**

Pursuant to 52 PA. CODE § 63.324(d), the Applicants provide the following:

- (1) Description of Applicants: Please see Section I above.

- (2) Jurisdiction of Applicants: Please see Section I above.
- (3) Points of Contact: Please see Section II above.
- (4) Ownership Information:

The following entity currently owns more than 20% of the equity of DSLnet Communications, LLC:

Name: MegaPath, Inc.  
Address: 555 Anton Boulevard, Suite 200  
Costa Mesa, California 92626  
Ownership: 100% (directly in DSLnet)  
Citizenship: U.S.

The following entity currently indirectly owns more than 20% of the equity of DSLnet Communications, LLC and directly own more than 20% of the equity of MegaPath Inc.:

Name: CCGI Holding Corporation (“CCGI”)  
Address: 2220 O’Toole Avenue  
San Jose, California 95131  
Ownership: 100% (directly in MegaPath; indirectly in DSLnet through MegaPath)  
Citizenship: U.S.

The following entities currently own more than 20% of the equity of DIECA Communications, Inc. (“DIECA”)

Name: Covad Communications Group, Inc. (“Covad”)  
Address: 2220 O’Toole Avenue  
San Jose, California 95131  
Ownership: 100% (directly in DIECA)  
Citizenship: U.S.

Name: CCGI Holding Corporation (“CCGI”)  
Address: 360 North Crescent Drive, South Building  
Beverly Hills, CA 90210  
Ownership: 100% (indirectly in DIECA as 100% owner of Covad)  
Citizenship: U.S.

The following entities currently indirectly own more than 20% of the equity of DIECA and DSLnet through CCGI:

Name: CCGI Holdings, LLC  
Address: 360 North Crescent Drive, South Building  
Beverly Hills, CA 90210  
Ownership: 68% indirectly in DSLnet and DIECA as 68% owner of CCGI  
Citizenship: U.S

Name: Platinum Equity Capital Partners II, L.P. (“PECP”)  
Address: 360 North Crescent Drive, South Building  
Beverly Hills, California 90210  
Ownership: 41% (indirectly in DIECA and DSLnet as 61% direct owner  
of CCGI Holdings, LLC)  
Citizenship: U.S.

Name: Platinum Equity Partners II, LLC (“PEP”)  
Address: 360 North Crescent Drive, South Building  
Beverly Hills, California 90210  
Citizenship: U.S.  
Ownership: 54% indirect ownership of DSLnet and DIECA through its  
interests in PECP and other minority stake owners of CCGI  
Holdings, LLC.

Name: Platinum Equity Investment Holdings II, LLC (“PEIH”)  
Address: 360 North Crescent Drive, South Building  
Beverly Hills, California 90210  
Citizenship: U.S.  
Ownership: 68% indirectly in DSLnet and DIECA through its interests  
in PBP and PEP

Name: Platinum Equity, LLC (“Platinum”)  
Address: 360 North Crescent Drive, South Building  
Beverly Hills, California 90210  
Citizenship: U.S.  
Ownership: 68% indirectly in DSLnet and DIECA through 100%  
interest in PEIH

(5) Description of the Transaction: Please see Section III above.

(6) Service Territories Affected: No service territories will be affected by the transaction, as the Applicants will continue to provide services in the same locations before and after the proposed transaction.

(7) Categorization of Transaction: The *Pro Forma* Transaction involves a merger that requires a certificate of public convenience issued under 66 Pa.C.S. § 1102(a) and the transfer of a customer base (from DSLnet to DIECA) that does not involve a change in conditions of service or rates.

(8) Identification of Related Transactions: There are no jurisdictional transactions, other than the transaction described in this Application.

(9) Special Consideration: While no party is requesting special consideration because it is facing imminent business failure, Applicants seek to complete the transaction as soon as possible to maximize the benefits associated with the *Pro Forma* Transaction and to consummate the Transactions no later than December 31, 2011 for tax and administrative reasons. For these reasons, Applicants request that the Commission process and grant this Application as soon as possible.

(10) Waiver Request: No waiver request is being made with respect to the proposed transaction.

(11) Facts Supporting the Public Interest: The Applicants verify as to the facts and allegations set forth in Section IV above, demonstrating the impact of the transaction on the promotion of service, competition, and the public interest.

(12) Compliance: The Applicants verify that to their understanding they are in compliance with Commission obligations and filings. They have had no violations of either State or Federal requirements over the last three years.

(13) Customer Notice: The *Pro Forma* Transactions will not result in any changes to the services received by customers, including rates, terms and conditions of service. Each of the affected customers will be transferred pursuant to terms of that customer's service contract that permit transfer to affiliates and/or pursuant to the customer's written authorization and affected customers will receive notice of these *pro forma* changes. A sample of the notice that will be provided to applicable affected customers is provided in Exhibit B.

(14) Utility Certificates: Please see Section I, in which the Applicants verify the authority held by the Applicants in Pennsylvania.

(15) Tariffs: The Applicants verify the proposed transaction will have no effect on their Pennsylvania tariffs. This *pro forma* merger will not result in any changes to the services received by customers, including rates, terms and conditions of service. To the extent necessary, DIECA will separately file tariff changes with the Commission pursuant to Commission procedures.

(16) Affiliate Interest Agreements: The Applicants verify the proposed transaction will have no effect on their affiliated interest agreements, if any.

(17) Federal or State Investigations: The Applicants verify the proposed transaction will not require an informal or formal investigation, complaint or proceeding into the transaction except for typical public utility commission reviews typical for such transactions.

(18) Organizational Charts: Please see Exhibit A.

(19) DOJ and FCC Applications: No application has been filed with the U.S. DOJ or FCC with respect to the transaction. The Applicants expect to file a notification letter with the FCC.

(20) Public Interest Statement and Capital Structure: Please see Section IV, which the Applicants verify provides a description of the public benefits of the transaction. The Applicants further verify that the transaction will have no effect on their capital structure over the next five years.

(21) Broadband Deployment Commitment: The Applicants verify that they are under no Federal or State broadband deployment obligation.

(22) ETC Status: The Applicants verify they are not “eligible telecommunications carriers.”

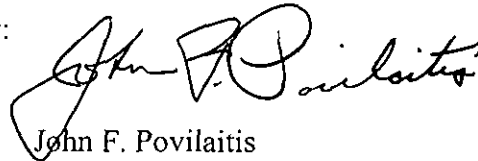
(23) Cross Subsidization: The Applicants verify the transaction does not violate Federal or State cross-subsidization rules.

**VI. CONCLUSION**

For the reasons stated above, Applicants respectfully submit that the public interest will be furthered by a grant of this Application. Accordingly, Applicants respectfully request expedited treatment to permit Applicants to complete the proposed transaction as soon as possible.

Respectfully submitted,

By:



John F. Povilaitis  
Buchanan Ingersoll & Rooney PC  
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717-237-4825  
John.Povilaitis@bipc.com

COUNSEL FOR APPLICANTS

Dated: October 7, 2011

**LIST OF EXHIBITS**

Exhibit A	Pre- and Post-Transaction Corporate Organizational Structure
Exhibit B	Form of Customer Notice
Verifications	

**EXHIBIT A**

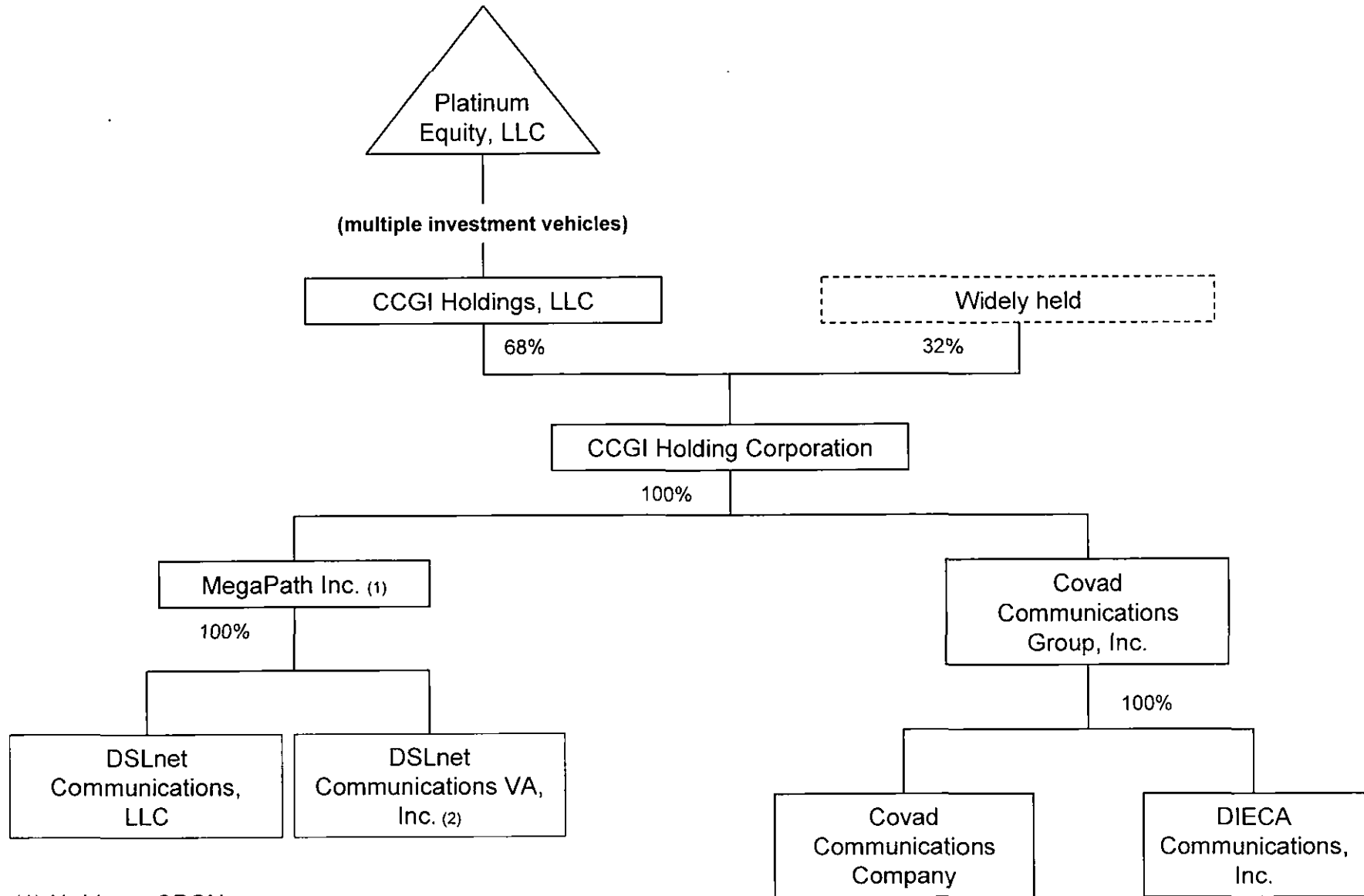
**Pre- and Post-Transaction Corporate Organizational Structure**

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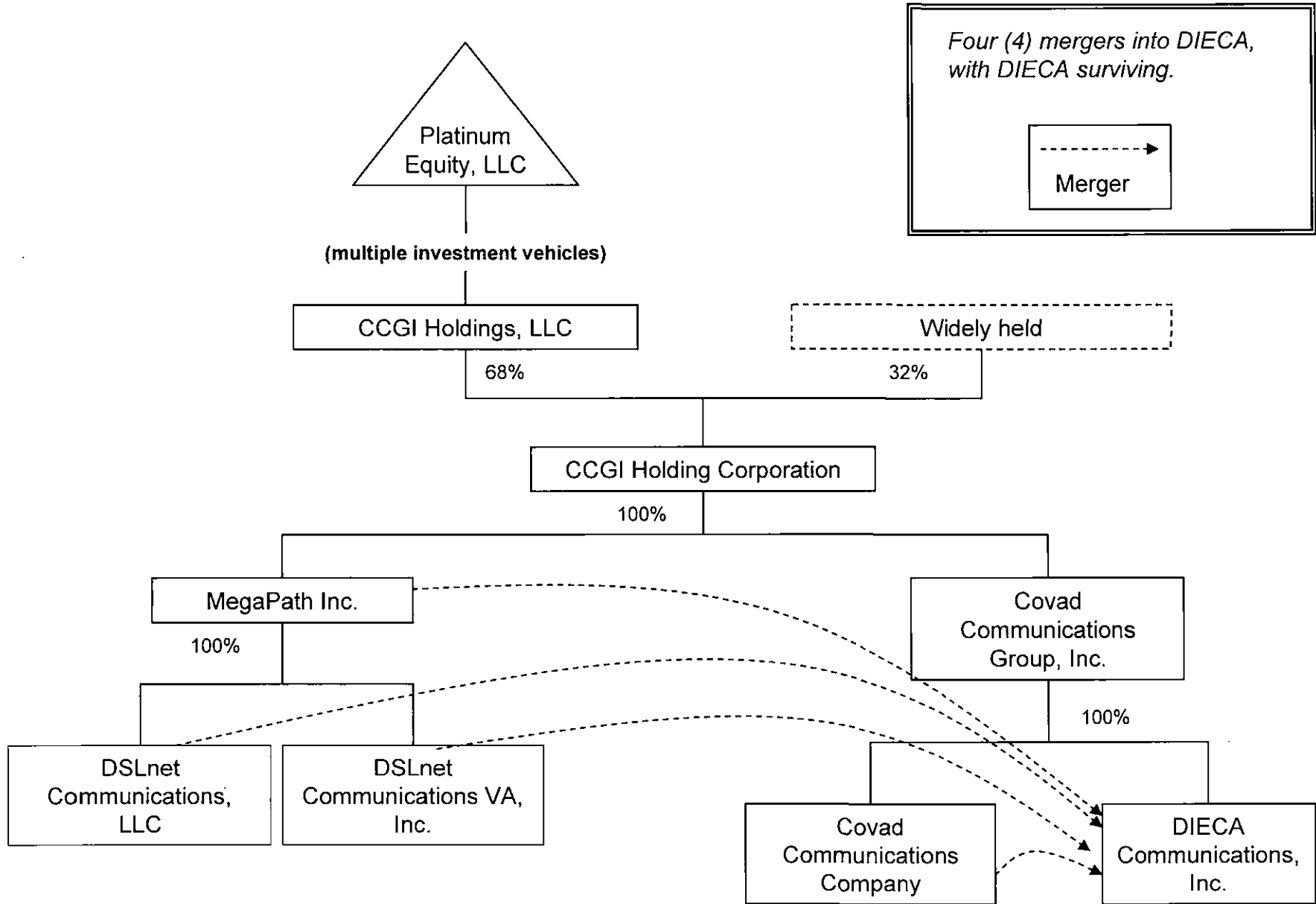
# Current Organizational Chart



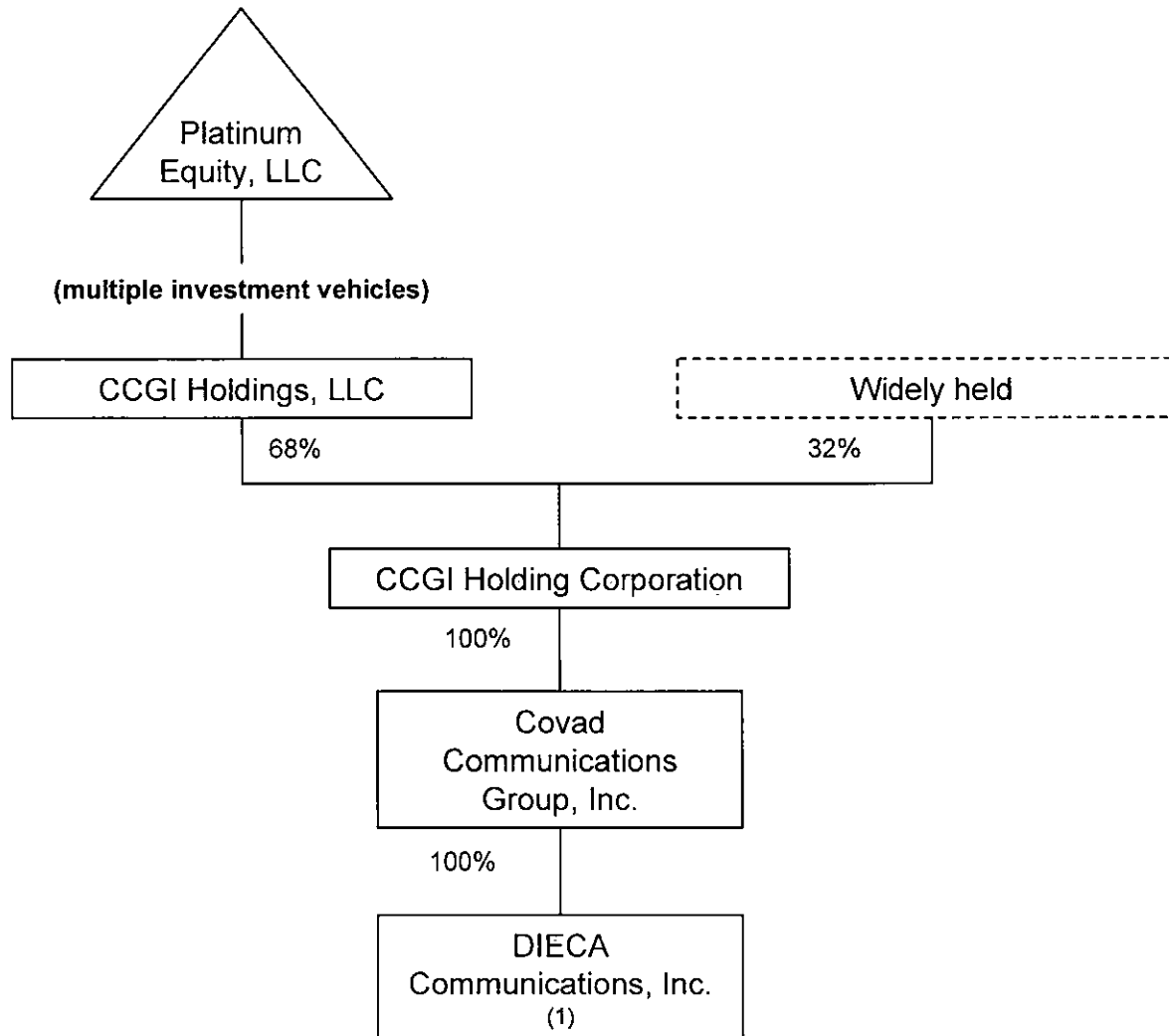
(1) Holds no CPCNs

(2) Holds a CPCN in Virginia only

# Depiction of Mergers



## Post-Transactions Organizational Chart



(1) Will ultimately change its corporate name or dba to the "MegaPath" brand name

**EXHIBIT B**

**Form of Customer Notice**

From:  
To:  
Reply to:  
Subject: Notice of MegaPath Reorganization/Consolidation – No change to service, fees, etc.

[Logo]

Account Number:

Dear Customer,

In [month], the MegaPath Group of companies will undertake an internal corporate reorganization and consolidation. After the reorganization your telecommunications services will be provided by DIECA Communications (DIECA), a wholly-owned MegaPath Group subsidiary. DIECA will then change its name to MegaPath. Your services, pricing, terms and conditions of service will not change as a result of this intra-corporate consolidation. There is no charge associated with this change, any preferred carrier freeze you have will remain in place and we will continue to resolve any issues you may have with your account or service using the customer service number: 1-877-611-MEGA.

The companies included in the MegaPath Group of companies are MegaPath, Inc. (MegaPath), DSLnet Communications, LLC (DSLnet), DSLnet Communications VA, Inc. (DSLnet VA), Covad Communications Company (CCC), and DIECA Communications, Inc. (DIECA).

We recognize that you always have a choice in telecommunications carrier and believe that this intra-corporate consolidation will enhance our ability to serve you. We look forward to continuing to provide you with superior service.

[Signature]

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SECRETARY'S BUREAU

## Verification

STATE OF CALIFORNIA  
COUNTY OF SANTA CLARA

§  
§  
§

**VERIFICATION**

I, Douglas Carlen, being duly sworn, deposes and say that I am the General Counsel and Secretary of MegaPath Inc., DSLnet Communications, LLC, DSLnet Communications VA, Inc., Covad Communications Company and DIECA Communications, Inc. (collectively, the "Companies"); that I am authorized to make this Verification on behalf of the Companies; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.



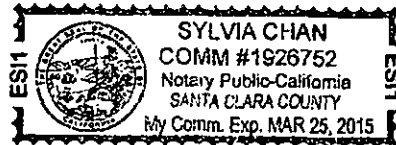
Douglas Carlen  
General Counsel and Secretary  
MegaPath Inc.  
DSLnet Communications, LLC  
DSLnet Communications VA, Inc.  
Covad Communications Company  
DIECA Communications, Inc.

Sworn and subscribed before me this 19 day of September, 2011.



Notary Public

My commission expires: May 25 2015



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of :  
:   
**DSLnet Communications, LLC,** : Docket No. \_\_\_\_\_  
and :   
**DIECA Communications, Inc.** :   
:   
For Authority to Complete Certain *Pro* :   
*Forma* Intra-Corporate Transactions :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing documents in accordance with the requirements of 52 Pa. Code § 1.54 et seq. (relating to service by a party).

**VIA ELECTRONIC AND FIRST CLASS MAIL**

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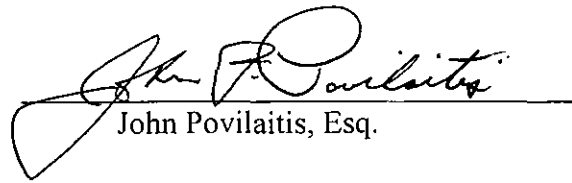
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Dated this 7th day of October, 2011.

  
John Povilaitis, Esq.