

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00	:	
2. BUREAU: FUS	:	
3. SECTION(S):	:	4. PUBLIC MEETING DATE:
5. APPROVED BY:	:	00/00/00
DIRECTOR:	:	
SUPERVISOR:	:	
6. PERSON IN CHARGE:	:	7. DATE FILED: 09/07/06
8. DOCKET NO: A-310824 F0007	:	9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: MDS ACQUISITION, INC

RESPONDENT/APPLICANT: DSLNET COMMUNICATIONS, LLC

COMP/APP COUNTY:

UTILITY CODE: 310824

ALLEGATION OR SUBJECT

JOINT APPLICATION OF DSLNET COMMUNICATIONS LLC AND MDS ACQUISITION INC FOR APPROVAL OF THE TRANSFER OF CONTROL OF DSLNET COMMUNICATIONS LLC.

DOCUMENT
FOLDER

DOCKETED
SEP 18 2006

 Lampert & O'Connor, P.C.

1776 K Street NW
Suite 700
Washington, DC 20006

ORIGINAL

www.l-olaw.com
info@l-olaw.com

Tel 202/887-6230
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September 7, 2006

VIA OVERNIGHT DELIVERY

Mr. James J. McNulty
Secretary
Pennsylvania Public Utility Commission, 2nd Floor
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

A-310824#0007

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Joint Application of DSLnet Communications, LLC and
MDS Acquisition, Inc. for Transfer of Control


Dear Mr. McNulty:

Enclosed please find an original and three (3) copies of the above-referenced Application for filing together with a check for the application fee in the amount of three hundred and fifty dollars (\$350.00).

Please date-stamp the stamp-and-return copy and return it in the self-addressed envelope. Should you have any questions with respect to this filing, please contact Jennifer Phurrough at (202) 887-6230.

Respectfully submitted,

DOCUMENT
FOLDER


Jennifer L. Phurrough

Counsel for MDS Acquisition, Inc.

Enclosures

64

ORIGINAL

State of Pennsylvania
Public Utility Commission

In the Matter of
Joint Application of
DSLnet Communications, LLC, and
MDS Acquisition, Inc.,
for Approval of the Transfer of Control
of DSLnet Communications, LLC

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) Joint Application of DSLnet and MDS
) Acquisition
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) Docket No. A 310824F0007
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DOCUMENT
FOLDER

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

MDS Acquisition, Inc.

Steven B. Chisholm
Senior Vice President,
Secretary
555 Anton Blvd., Suite 200
Costa Mesa, CA 92626
Tel: (714) 327-2075
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Counsel for MDS Acquisition, Inc., and
MegaPath Inc.

September 7, 2006

DSLnet Communications, LLC

Marc Esterman
Senior Vice President – Corporate Affairs
General Counsel & Secretary
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brett.ferenchak@bingham.com

Counsel for DSL Communications, LLC, and
DSL.net, Inc.

ORIGINAL

State of Pennsylvania
Public Utility Commission

In the Matter of)
)
Joint Application of) Joint Application of DSLnet and MDS
) Acquisition
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DSLnet Communications, LLC, and) Docket No. A-310824F0007
MDS Acquisition, Inc.,)
)
for Approval of the Transfer of Control)
of DSLnet Communications, LLC)

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SEP 07 2006

To: Prothonotary
Pennsylvania Public Utility Commission
Post Office Box 3265
North Office Building
Harrisburg, Pennsylvania 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DOCKETED

SEP 18 2006

APPLICATION

INTRODUCTION

1. DSLnet Communications, LLC ("DSLnet"), and MDS Acquisition, Inc. ("MDSAI" and, together with DSLnet, "Applicants"), through their undersigned counsel and pursuant to Pa.C.S. § 1102(a)(3) and 052 Pa. Code § 69.901, respectfully request Pennsylvania Public Utility Commission ("Commission") approval to allow the Petitioners to consummate certain transactions whereby MDSAI will acquire control of DSLnet, which holds authority from the Commission to provide telecommunications services in Pennsylvania.
2. The Applicants request that the Commission act expeditiously to grant the authority requested herein, so that the Applicants may timely consummate the proposed transactions to meet important business objectives.

DESCRIPTION OF THE APPLICANTS

DSLnet Communications, LLC

3. DSLnet is a Delaware limited liability company with principal offices located at 50 Barnes Park North, Suite 104, Wallingford, Connecticut 06492. DSLnet's sole member and managing entity is DSL.net, Inc., a Delaware corporation.¹ 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 authorized to provide intrastate telecommunications services in Virginia.
4. In Pennsylvania, DSLnet was 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-310824F0003. DSLnet currently has no employees and one wholesale customer in Pennsylvania.
5. Further information concerning DSLnet's legal, technical, managerial and financial qualifications to provide service was submitted with its application for certification with the Commission as noted above and is, therefore, a matter of

¹ DSL.net, Inc. holds no regulatory licenses from this or any other regulatory authority.

public record. DSLnet respectfully requests that the Commission take official notice of that information and incorporate it herein by reference.

MDS Acquisition, Inc.

6. MDSAI, a privately held Delaware corporation with principal offices at 555 Anton Boulevard, Suite 200, Costa Mesa, CA 92626, is a wholly owned subsidiary of MegaPath Inc. ("MegaPath") that has been formed for the purpose of acquiring Parent and its subsidiaries. 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. Neither MegaPath nor MDSAI currently offer any regulated telecommunications services and therefore do not hold any telecommunications authorizations from the FCC or any state regulatory authority.

CONTACT INFORMATION FOR THE APPLICANTS

7. Correspondence concerning this application should be sent to:

For MDS Acquisition, Inc., and
MegaPath Inc.:

E. Ashton Johnston
Jennifer L. Phurrough
Lampert & O'Connor, P.C.
1776 K Street, NW
Suite 700
Washington, DC 20006
Tel: (202) 887-6230
Fax: (202) 887-6231
Email: johnston@l-olaw.com
phurrough@l-olaw.com

For DSLnet Communications LLC, and
DSL.net, Inc.:

Jean L. Kiddoo
Brett P. Ferenchak
Bingham McCutchen LLP
3000 K Street, Suite 300
Washington, DC 20007
Tel: (202) 424-7500
Fax: (202) 424-7647
Email: jean.kiddoo@bingham.com
brett.ferenchak@bingham.com

With a copy to:

Steven B. Chisholm
MDS Acquisition, Inc.
Senior Vice President,
Secretary
555 Anton Blvd., Suite 200
Costa Mesa, CA 92626
Tel: (714) 327-2075
Fax: (714) 438-1074

With a copy to:

Marc Esterman
DSL.net, Inc.
Senior Vice President – Corporate Affairs
General Counsel & Secretary
50 Barnes Park North, Suite 104
Wallingford, CT 06492
Tel: (203) 284-6100
Fax: (203) 284-6102

REQUEST FOR APPROVAL OF TRANSFER OF CONTROL

DESCRIPTION OF THE TRANSACTIONS

8. Pursuant to the Purchase Agreement, dated as of August 22, 2006, by and among Parent, MDSAI and MegaPath (the "Purchase Agreement"), on August 28, 2006 MDSAI purchased certain convertible promissory notes of Parent (the "Convertible Notes") which, by their terms, will allow MDSAI, subject to the obtaining of requisite regulatory and shareholder approvals, to acquire control of DSLnet through the conversion of the Convertible Notes into common stock of Parent.² Following these conversions, MegaPath intends to merge Parent with and into MDSAI, with MDSAI surviving.
9. Specifically, upon conversion of the Convertible Notes into common stock of Parent (which may only be converted following the obtaining of requisite regulatory and shareholder approvals), MDSAI will hold approximately 92.4% of the aggregate voting power in Parent. At that time, or as soon as practicable thereafter, MegaPath intends to merge Parent with and into MDSAI with (1)

² In connection with the above referenced transaction, Parent has also issued a non-convertible note to MDSAI. The issuance of the Convertible Notes and the non-convertible note was completed solely at the Parent company level and did not involve any issuance of securities, encumbrance of assets, pledge of the equity interest of, or guarantee by DSLnet. As a result, Petitioners understand that no approval was required for financing transactions except as is required for the subsequent transfer of control resulting from the conversion of the debt into common stock that will give MDSAI voting control over DSLnet.

MDSAI surviving and (2) stockholders of Parent other than MDSAI receiving a cash payment for their shares of Parent's stock. As a result of these conversions and the merger, MDSAI will have direct control of DSLnet and DSLnet will become a wholly owned indirect subsidiary of MegaPath.

10. Applicants emphasize that the transfer of control described herein (namely, the conversion of the Convertible Notes into a controlling voting equity interest in Parent and the subsequent merger of Parent with and into MDSAI) will not involve a change in the name under which DSLnet currently operates nor a change in the manner in which DSLnet currently offers service. Immediately following the transfer of control, DSLnet will continue to offer the services it currently offers with no change in the rates or terms and conditions of service. The transfer of control of DSLnet, therefore, will be seamless and transparent to consumers in Pennsylvania. Should Parent or its successor decide to change DSLnet's name in the future, it will make appropriate notices and filings to advise its customers and the Commission.
11. The structure of the transaction is shown in the diagram in Exhibit 1. A copy of the Purchase Agreement is available as Exhibit 10.01 to Parent's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 23, 2006,³ and will also be provided to Commission Staff upon request.

MDS ACQUISITION, INC.'S QUALIFICATIONS

12. MDSAI and MegaPath have the technical, managerial, and financial qualifications to acquire control of DSLnet. MegaPath is a leading IP

³ The SEC Form 8-K is available at http://www.dsl.net/company_investor_sec_filing.php?formref=1085866/0001072613-06-001843.txt.

communications company, providing managed IP services, including broadband access services, Internet mobility services, and security services. MDSAI and MegaPath are operated by a highly qualified management team, all of whom have extensive backgrounds in technology and communications. Management biographies for the MDSAI and MegaPath management team are attached hereto as Exhibit 2. MDSAI and MegaPath's management team will augment the existing management of DSLnet, which Applicants currently expect to remain with DSLnet immediately following completion of the transactions.

PUBLIC INTEREST STATEMENT

13. Applicants submit that the transactions described herein will serve the public interest. See *City of York v. Pennsylvania Public Utility Commission*, 449 Pa. 136, 295 A.2d 825 (1972). The transactions are being undertaken to provide critical financial and corporate resources to DSLnet that will allow it to continue to provide high quality services to its customers.
14. In addition to the fact that it is anticipated that substantially all current DSLnet and Parent operational, technical and managerial personnel will remain with the companies or their successors following the conversion of the Convertible Notes and the closing of the merger, it is anticipated that a commercial relationship by and among the Applicants will allow DSLnet to have access to MegaPath's substantial technical and management expertise and complementary suite of services. These benefits are expected to strengthen the companies' ability to expand DSLnet's offerings and provide more advanced services to a broader customer base in Pennsylvania. The Applicants expect that the transactions will

enable the companies to strengthen their competitive positions in Pennsylvania to the benefit of consumers.

15. Further, the transactions will be conducted in a manner that will be transparent to customers. Following consummation of the proposed transactions, DSLnet will continue to provide high-quality communications services, and no interruption of service or any change in rates, terms or conditions of service to DSLnet's customers will result from these transactions.
16. The public interest will also be served by expeditious consideration and approval of the transactions. For various important business and financial reasons, Applicants require that the transactions be closed as quickly as possible. Delay in the regulatory approval process would prevent the Applicants from realizing the economic and operational benefits expected from the transactions or delivering expanded services as quickly as they otherwise would. Accordingly, Applicants request that the Commission promptly commence its examination of the proposed transactions so that it can be in a position to approve the transactions as soon as possible.

EFFECT ON PENNSYLVANIA CONSUMERS

17. The transactions will not have any negative effect on Pennsylvania consumers, to whom it will be essentially transparent. After consummation of the transactions, DSLnet will continue to provide the same services at the same rates, terms and conditions as at present. No tariff changes are anticipated to result from the transactions. The operations of DSLnet will continue to be supervised by the same management, technical and customer service supervisors as at present. All

services will continue to be provided by DSLnet without interruption; the transactions will not result in discontinuance of the service of any customer in Pennsylvania.

DSLNET'S EXISTING MANAGERIAL, TECHNICAL AND FINANCIAL RESOURCES WILL BE AUGMENTED AFTER THE TRANSACTION

18. The proposed transactions will also have no negative impact on the provision of safe, adequate and proper service to Pennsylvania consumers. To the contrary, the proposed transfer of control and related transactions are expected to provide DSLnet with access to additional capital that will enable it not only to ensure that DSLnet will continue to provide quality service on an uninterrupted basis, but to improve the quality of those services going forward.
19. Additionally, the expertise of MegaPath's management, marketing and customer service personnel will be available to improve DSLnet's business services after the transactions are completed. This will enable DSLnet to provide better service and to become a stronger competitor in the Pennsylvania marketplace. The combination of MegaPath's expertise and resources with DSLnet's existing resources guarantees that after the transactions DSLnet will have augmented managerial, technical and financial resources that will allow it to provide improved and advanced service in Pennsylvania.

EFFECT ON EMPLOYEES

20. Finally, the transactions will have no impact on employment in the state as DSLnet presently has no employees in Pennsylvania.

CONCLUSION

21. The Commission should find that the proposed transactions are in accordance with law and will serve the public interest in promoting competition among telecommunications carriers in Pennsylvania. Applicants therefore request that the Commission approve the transfer of control of DSLnet expeditiously to permit the Applicants to complete the transactions as soon as possible.
22. Assuming approval is granted, Applicants will notify the Commission in writing of the completion of the transactions and the associated transfer of control.

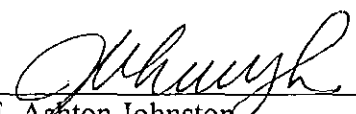
Respectfully submitted,



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and DSL.net, Inc.

September 7, 2006



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phurrough@l-olaw.com

Counsel for MDS Acquisition, Inc., and
MegaPath Inc.

LIST OF EXHIBITS

1. **Pre- and Post- Transaction Ownership Charts**
2. **MDS Acquisition, Inc., and MegaPath Inc. Officers & Directors**
3. **Verifications**

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SECRETARY'S BUREAU

EXHIBIT 1

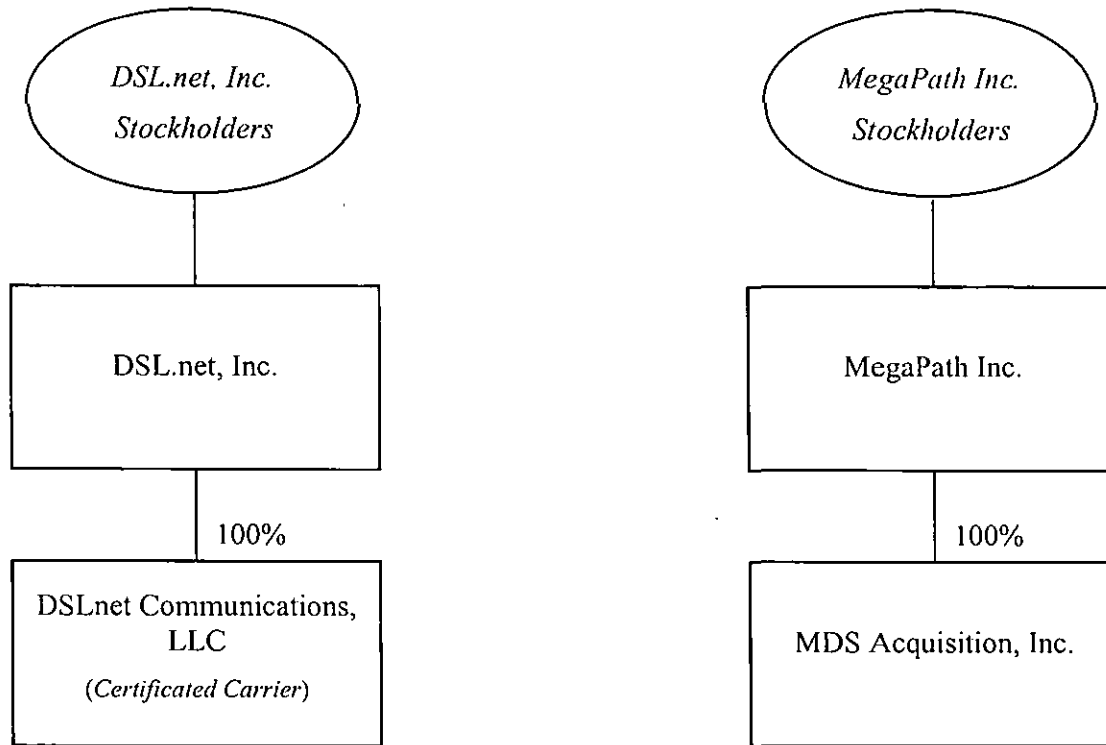
Pre- and Post- Transaction Charts

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SEP 07 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Pre-Transaction Ownership



Post-Transaction Ownership

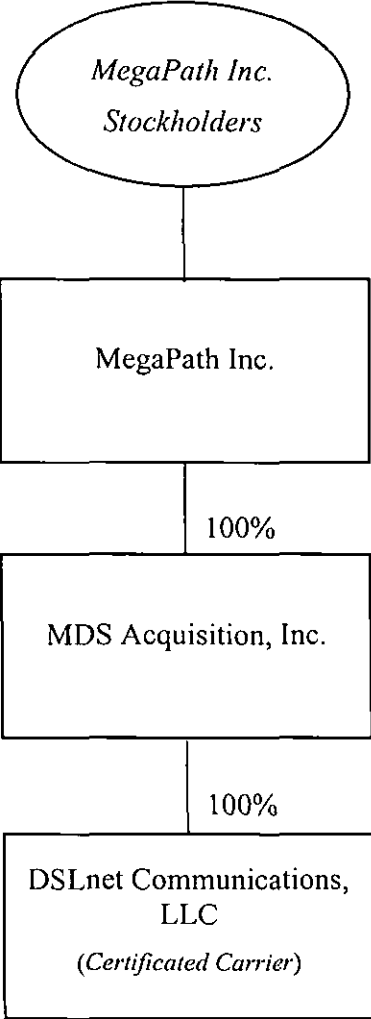


EXHIBIT 2

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

MDS Acquisition, Inc. Officers and Directors

D. Craig Young, *President and Chief Executive Officer*

Craig Young has over 27 years of experience in the telecom and data communications industry. Since joining the MDS Acquisition, Inc.'s parent company MegaPath Inc. in July 2004, his primary focus has been to create a world class Managed IP Services company that provides businesses with the ability to outsource their communications between headquarters, branch offices, retail locations, mobile workers and business partners.

Prior to the merger between MegaPath and Netifice in April 2006, Mr. Young served as Chairman and Chief Executive Officer of Netifice. Before joining Netifice, he was the Vice Chairman and Director of AT&T Canada, and also previously served as President. Prior to his appointment as Vice Chairman and President, which occurred with the \$3.5 billion merger of MetroNet Communications and AT&T Canada in June 1999, he was the President and CEO of MetroNet Communications. MetroNet was Canada's largest facilities-based competitive local exchange carrier (CLEC) at the time. Before MetroNet, Mr. Young served as President and Chief Operating Officer of Brooks Fiber from 1995 to 1998, a pioneer local exchange carrier that was acquired by WorldCom for approximately \$3 billion in 1998. From 1980 to 1995, Mr. Young held various executive level positions, including Vice President Sales, Ameritech Custom Business Services; Vice President Sales and Service for Business and Government Services, U S WEST Communications; and President, Executone Information Systems.

Mr. Young received a bachelor of science degree in business administration from California State University, Chico.

Steve Chisholm, *Secretary and Senior Vice President*

Steve Chisholm has practiced law for over 26 years and, for over a decade, has specialized in the telecommunications industry. Mr. Chisholm joined MDS Acquisition, Inc.'s parent company MegaPath Inc. in August 2004, and is responsible for supporting the growth of the organization through acquisitions and by managing its internal and external legal affairs.

Prior to this position, he served as a consultant to Bell West Inc., providing legal services and acting in the role of Executive Director, Legal Services. Previously, from October 2000 through September 2001, Mr. Chisholm served as the Senior Vice President, General Counsel & Corporate Secretary to the Board at Global Metro Networks, Inc., a builder of dark fiber communication networks in major centers of business throughout Europe and the United States. He joined Global Metro from AT&T Canada, where he served as Senior Vice President, General Counsel and Corporate Secretary from June of 1999. In October 2000, Mr. Chisholm was appointed to AT&T Canada's Board of Directors and remained on the Board until October, 2002, serving on several Committees of the Board including the Executive and Audit Committees. Prior to joining AT&T Canada, Mr. Chisholm served as Senior Vice President, General Counsel and Corporate Secretary at MetroNet Communications Corp., the first national CLEC in Canada, from 1997 until its arrangement with AT&T Canada in June of 1999.

Mr. Chisholm received a bachelor of art degree from Carleton University and a bachelor of laws degree from Osgoode Hall Law School.

Paul Milley, Treasurer and Chief Financial Officer

Mr. Milley has over 20 years experience in finance, treasury, banking, planning, investor relations, information systems and all controllership activities for both public and private companies. He joined MDS Acquisition, Inc.'s parent company MegaPath Inc. in October 2001 and is responsible for finance and administration.

Prior to joining MegaPath Mr. Milley was the SVP and CFO of OnCommand Corporation (OCC), which provides entertainment software and technologies to the hospitality industry. While in this capacity, he helped OCC increase earnings by over 60 percent through product enhancements, new technology deployment, tighter controls and expense efficiencies. Milley's previous titles include VP and CFO of 3DO Corporation, SVP and CFO of ComputerLand Corporation, as well as positions in all levels of finance at other software and consulting organizations.

Mr. Milley received a bachelor of art degree from the University of Michigan and a masters of business administration from the Darden School at the University of Virginia.

MegaPath Inc. Officers

D. Craig Young, Chairman and CEO

See above

James Cragg, President and COO

Jim Cragg has over 24 years of experience in the telecom and data communications industry. Mr. Cragg joined the company in March 2006 and is responsible for the day-to-day management of sales, marketing, operations, facilities and customer service.

Prior to joining MegaPath, Mr. Cragg was President and Chief Executive Officer of Linmor, Inc., a network management software company that built solutions for targeted vertical markets in healthcare, government, education, hospitality and energy sectors as well as for traditional telecommunication firms. During his career, Mr. Cragg has held positions as President and COO at PSINet, a leading ISP and hosting company; President and COO at Advanced Communications, a CLEC and Yellow Pages company; Regional VP at Brooks Fiber, a pioneering CLEC; and various management positions at MCI.

Mr. Cragg received a bachelor of art degree in history from the University of Texas – Austin.

Paul Milley, CFO

See above

Steve Chisholm, SVP and Legal Officer

See above

Steven L. Schilling, CTO

Steve Schilling has over 20 years of experience in the telecom and data communications industry. Mr. Schilling currently serves as the company's Chief Technology Officer with responsibility for the company's IS/IT infrastructure and general technology direction.

Mr. Schilling assumed the position of CTO upon the merger of MegaPath and Netifice Communications in 2006. Mr. Schilling founded Netifice Communications in 1998 and served as its President until the merger with MegaPath. Before creating Netifice, Mr. Schilling was President and COO of Charter Communications International. Mr. Schilling was also part of an executive team that put together a start-up effort in partnership with GE Capital, called GE Capital-Rescom, which was ultimately acquired by ICG. Before that, Mr. Schilling served as a Division Vice President and General Manager of MFS Communications. Mr. Schilling was also instrumental in the overall growth and direction of RealCom Office Communications prior to its acquisition by MFS. Prior to RealCom and MFS, Mr. Schilling held a variety of positions at National Data Corporation and Sprint Communications, Inc.

Mr. Schilling received a bachelor of science degree from Clemson University and a master of business administration from Georgia State University.

Dan Foster, SVP, Sales

Mr. Foster has over 15 years experience in telecom and data communications industry. He has been with MegaPath since 2000, where he has been responsible for the sales and marketing efforts that grew the company from \$5 million to nearly \$90 million.

Prior to joining the company, Mr. Foster was President and CEO of Phoenix Networks. Previously, he served as Vice President of Consumer Markets at Rhythms NetConnections, where he managed the company's entree and growth in the consumer market. Prior to Rhythms, Mr. Foster was a Partner and Vice President of Marketing for Analysis Group, Inc., a leading international management-consulting firm, where he consulted for both start-up and established companies to create and implement strategies in the telecommunications, Internet, high-tech and consumer product industries.

Mr. Foster received dual engineering and liberal arts degrees from Tufts University and graduated from the Harvard Business School executive PMD program.

Anthony (Tony) G. Capers, SVP, Marketing

Tony Capers has over 28 years of experience in the telecom and data communications industry. Mr. Capers joined the company in May 2006 and is responsible for marketing, product management, channel sales, SSL operations and carrier relations.

Prior to joining MegaPath, Mr. Capers served as Vice President of Sales for Frontier Communications. Previously, he held the following positions with PSINet, an IP communications and hosting services company: President, US Delivery for Hosting/Data Centers, Network Infrastructure and Operational aspects of Mergers and Acquisitions; President, Xpedior, an IT consulting subsidiary; and President, Central Region. Before PSINet, Mr. Capers served as VP and General Manager at Brooks Fiber, which was acquired by WorldCom, and Director, Sales and Service at US WEST Communications.

Mr. Capers received a bachelor of science degree in business administration from National College in Minneapolis.

Steve Guastella, SVP, Operations

Steve Guastella has over 20 years of experience in the telecom and data communications industry. He joined the company in December 2001 and is responsible for operations including engineering and technical support, and the Network Operations Centers (NOCs).

Mr. Guastella was VP of Operations of TManage prior to its acquisition by MegaPath. Previously, Mr. Guastella was a founder and Chief Architect & Vice President of Data Engineering for Vectris. Before that, he served as Director of Network Operations for TNS/PSINet, and Strategic Marketing Manager for Legerity. He also spent ten years at Sprint, where he held a variety of engineering and operations positions.

Mr. Guastella received a degree in electrical engineering technology from Old Domain University and NVCC.

Beth Tyebjee, SVP, Customer Care

Beth Tyebjee has over 28 years of experience in the telecom and data communications industry. Ms. Tyebjee joined the company in August 2004 and is responsible for the project management of enterprise customer deployments, access and CPE provisioning, and customer service.

Prior to MegaPath, Ms Tyebjee was a founder of Yipes Communications and served as the SVP Strategic Partnerships. In this capacity, she was responsible for developing the Yipes product sets, fiber infrastructure, and network operations centers. Before co-founding Yipes in 1999, Ms. Tyebjee was Vice President of Strategic Marketing at US West, where she created a substantial brand repositioning campaign, launched a series of new products and led the company's cable business unit. Prior to 1996, while at Pacific Telesis, Ms. Tyebjee was responsible for product development, leading a series of new product initiatives including frame relay, SONET and ATM. Additionally, she developed and led the first Bell Company internet access business, which became the fastest growing regional ISP within months of its launch.

Beth received a bachelor of science degree from the University of San Francisco and attended the Harvard Program for Management Development.

Nancy Hayes, VP, Human Resources

Ms. Hayes has over 10 years of experience in the telecom and data communications industry. She joined the company in June 2001 and is responsible for human resources at MegaPath.

Ms. Hayes was VP of HR and Administration at TManage prior to its acquisition by MegaPath. Previously, she served as VP of Finance, HR and Administration for Vectris, and held similar positions at ChoiceCom. She also held a variety of financial and management roles at Southwestern Electric Power Company, a wholly owned subsidiary of Central and South West Corporation.

Ms. Hayes received a bachelor of science degree from Louisiana Tech University.

MegaPath Inc. Directors

D. Craig Young, Chairman and CEO, MegaPath

See above

Skip Besthoff, Principal, Rho Ventures

Mr. Besthoff is a Principal with Rho Ventures. Prior to joining Rho in 2000, he was with Alliance Consulting Group, focusing primarily on growth strategy formulation and e-commerce. Previously, Mr. Besthoff spent five years with Andersen Consulting performing large-scale systems integration and process reengineering engagements. Besthoff received an MBA from the Johnson Graduate School of Management at Cornell University. He currently sits on the boards of Verified Person, Everdream, and MegaPath.

Paul Chisholm, Independent (Chairman and CEO of Mindshift Technologies)

Mr. Chisholm is Chairman and Chief Executive Officer of mindSHIFT Technologies. He was most recently President and CEO of COLT Telecom Group plc headquartered in London, England. Under his leadership the company became the largest and most successful European alternative carrier, renowned for its ability to provide voice, data, video and Internet services to Europe's largest business customers. Chisholm grew the company from inception to over \$1B in revenue with operations in 29 cities in 10 countries. He is on the boards of Sycamore Networks and MegaPath.

Mark Iwanowski, Independent (Chairman of the Board and CEO of KSR Inc.)

Mr. Iwanowski is Chairman of the Board and CEO of KSR Inc. He has 25 years of experience in technology services and has held executive positions with Fortune 500 companies, including Honeywell, Raytheon, SAIC and Oracle. Iwanowski has also served as a principle in two successful startups: Applied Remote Technology and Quantum Magnetics. He was previously Senior Vice President Global IT for Oracle Corporation, the world's largest enterprise software provider with over \$15B in revenue. Prior to Oracle, Iwanowski managed a Systems Integration and Outsourcing business for SAIC, the world's largest private system integrator.

Mr. Iwanowski sits on the Board of Royalty Share and MegaPath and is also on the Board of Advisors for Tricipher, Webify Solutions, Continuent and Lign Up. He holds a bachelor's degree in engineering from the University of Pennsylvania, a master's degree in engineering from California Institute of Technology and an M.B.A. from National University.

Rob Ketterson, Managing Partner, Fidelity Ventures

Mr. Ketterson is Managing Partner of Fidelity Ventures. He focuses on investment opportunities in enterprise technologies, communications, and IT services. Ketterson has led a number of investments including Geotel [NASDAQ: GEOC], (subsequently acquired by Cisco), Nuance Communications [NASDAQ: NUAN], InterNAP [NASDAQ: INAP], Webspective Software (acquired by Inktomi), Nexabit Networks (acquired by Lucent), WaveSmith (acquired by Ciena), and Connected Corp (acquired by Iron Mountain).

Mr. Ketterson represents Fidelity Ventures on the Board of the National Venture Capital Association (NVCA), the venture capital industry's primary policy setting and lobbying group. He is also on the Board of the New England Venture Capital Association (NEVCA).

Prior to joining Fidelity Ventures in 1993, Mr. Ketterson was a manager in the high technology practice of The Boston Consulting Group. Prior to that he was a product manager for PC products at VLSI Technology, Inc. Ketterson received an undergraduate degree in computer engineering from the University of Arizona and an MBA from the MIT Sloan School of Management.

Steve Krausz, General Partner, U.S. Venture Partners

Mr. Krausz is a General Partner with U.S. Venture Partners (USVP). Since joining USVP in 1985 he has focused on communications, Internet Infrastructure, networking and enterprise software. Mr. Krausz has been a MegaPath director since July 2004. His eight years of operating experience with NASA Ames, BTI Computers, Direct Inc. and Daisy Systems have served him well as an advisor to many leading network vendors, customers, investors and start-ups. At USVP, Krausz has led investments in Occam Networks, Accelerated Networks, Verity, Rasna, Xylan, Applied Digital Access, Elantec and Micro Linear, all of which became public companies. In addition to MegaPath, he is currently on the Boards of a number of private USVP investments including Agility Communications, Xponent, Electric Cloud, Sierra Monolithics, Object Reservoir, StrataLight, Vontu, Flexogics, Forcel0 Networks, PerformanceRetail, Kasenna, Notiva, Imperva, Synfora and Pathfire. Krausz is a Board Observer with CipherTrust and also on the Executive Board as Treasurer at the National Venture Capital Association (NVCA). He holds a B.S. in Electrical Engineering from Stanford University and an M.B.A. from Stanford Business School, where he was an Arjay Miller Scholar.

Christopher (Woody) Marshall, Managing Director, Trident Capital

Mr. Marshall joined Trident Capital in 1996 as a Principal and has been a Managing Director since 1998. In this role, he focuses on the payments, outsourcing and communications technology markets. Marshall has served as a MegaPath director since April 2000. From 1992 to 1994, he was an Associate with the Leveraged Capital Group of Banque Paribas. Earlier in his career, Mr. Marshall was a Financial Analyst in the Corporate Finance department of Chase Manhattan Bank, where he specialized in merchant banking transactions. In addition to MegaPath, Marshall is on the Board of Everypath, Merchant eSolutions, SideStep and XATA Corporation (NASDAQ: XATA). He received a bachelor's degree from Hamilton College and an M.B.A. from Northwestern University, J.L. Kellogg Graduate School of Management.

Thomas Pardun, Independent (retired Chairman of WD)

Mr. Pardun joined the MegaPath Board in 2002. He is a retired Chairman of the Board of Western Digital Corporation, one of the world's largest manufacturers of hard-disk drives for the personal computer market. Pardun served in the capacity of Chairman from January 2000 until December 2001, and has been a Western Digital director since 1993. He was Chairman and CEO of edge2net, a privately-held provider of international voice, data, and video services from December 2000 to October 2001. Pardun retired as President of MediaOne International, Asia/Pacific (formerly U. S. West Asia-Pacific) in July 2000. MediaOne's Asia-Pacific operations included cable-television, telephony and internet properties in Japan, Indonesia,

Malaysia, Singapore and Australia. Before that, Mr. Pardun was President and CEO of U. S. West Multimedia Communications, Inc., a subsidiary of U. S. West, Inc., and previously VP and General Manager of Business and Government Services at U. S. West Communications, and VP, Marketing and Planning for U S WEST Communications. Before joining U. S. West, he was President of the Central Group for Sprint, and also served as President of Sprint's West Division and Senior VP of Business Development for United Telecom, a predecessor company to Sprint. He held a variety of management positions during 19-year tenure with IBM, concluding as Director of product line evaluation at IBM's New York marketing headquarters. In addition to serving on the Boards of MegaPath and Western Digital Corporation, Pardun is also a board member of Exabyte Corp., and Occam Networks. He is a graduate of the University of Iowa in Business Administration.

Robert S. Sherman, General Partner, Boston Millennia Partners

Mr. Sherman is a General Partner of Boston Millennia Partners. He has 19 years of experience building successful companies. Sherman has implemented Core Company strategies in several portfolio companies, and is an experienced healthcare, life sciences, and telecommunications services investor. Mr. Sherman's previous private equity experience includes 5 years at Boston Capital Ventures and 8 years as a General Partner at Hambro International Venture Fund. He also has been Chief Financial Officer for two healthcare services companies, and has six years of banking experience with the Bank of Boston and Eliot Bank. Sherman served on active duty in the United States Navy for three years and attained the rank of Lieutenant. He is a graduate of Amherst College and holds an MBA from the Harvard Business School.

John Siegel, Partner of Columbia Capital

Mr. Siegel is a Partner of Columbia Capital. He joined Columbia Capital in 2000 and focuses on communication services investments. Siegel is currently a member of the Board of Directors of MindSHIFT Technologies, FDN Communications, ICG Communications, Integrated Solutions, and MegaPath. He is also actively involved in Mpower, New Global Telecom, Mobile Satellite Ventures, and MetroPCS Communications. Prior to joining Columbia Capital, Siegel was a member of Morgan Stanley's Private Equity Group, where he specialized in investments in the telecommunications/data services arena. Mr. Siegel has held positions with Fidelity Ventures, the private equity division of Fidelity Investments, and the Investment Banking Division of Alex. Brown & Sons, Incorporated. He received his B.A. from Princeton University and his M.B.A. from Harvard Business School.

EXHIBIT 3

RECEIVED

SEP 07 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

VERIFICATION OF STEVEN B. CHISHOLM

I, Steven B. Chisholm, hereby certify that:

1. I have reviewed the attached application for approval of transfer of control of DSLnet Communications, LLC, to MDS Acquisition, Inc., and all statements made therein are true and correct to the best of my knowledge, information and belief; and 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).
2. I am the Senior Vice President and Secretary of MDS Acquisition, Inc., and, as such, I am fully authorized by MDS Acquisition, Inc. to attest to the veracity of the statements made in the attached application.



Steven B. Chisholm

RECEIVED

SEP 07 2006

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

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

IN REPLY PLEASE
REFER TO OUR FILE
Secretary
717-772-7777

September 18, 2006

A-310824F0007

E ASHTON JOHNSTON
JENNIFER L PHURROUGH
LAMPERT & O'CONNOR PC
1776 K STREET NW
SUITE 700
WASHINGTON DC 20006

DOCUMENT
FOLDER

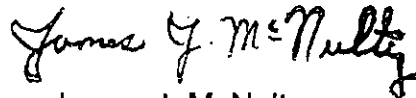
Dear Ms. Phurrough:

Receipt is acknowledged of the Joint Application of DSLNet Communications, LLC and MDS Acquisition, Inc, for approval of the Transfer of Control of DSLNet, which has been captioned and docketed to the above number.

You are required to file a copy of the application upon the Office of Consumer Advocate and the Office of Small Business Advocate and file proof of such service with this Commission. For your convenience, enclosed is a certificate of service for you to sign and return to us upon service to those Offices.

This matter will receive the attention of the Commission and you will be advised of any further necessary procedure.

Sincerely,



James J. McNulty
Secretary

JJM:ddt

Enclosure

Cc: Jean L. Kiddoo, Esquire
Brett P. Ferenchak, Esquire
Marc Esterman, Sr. Vice President
Steven B. Chisholm, Sr. Vice President

DOCKETED

SEP 18 2006

DATE: September 18, 2006

SUBJECT: A-310824F0007

TO: Bureau of Fixed Utility Services

FROM: James J. McNulty, Secretary *ddt*

DOCUMENT
FOLDER

**JOINT APPLICATION OF DSLNET COMMUNICATIONS
LLC AND MDS ACQUISITION INC**

We attach hereto a copy of the Joint Application of DSLNet Communications, LLC and MDS Acquisition, Inc., for approval of a Transfer of Control of DSLNet, which has been captioned and docketed to the above number.

The Applicant has been instructed to file a copy of the application upon the Office of Consumer Advocate and the Office of Small Business Advocate, and file proof of such service with this Commission.

May we have a report prepared by your Bureau for Public Meeting.

Attachment

cc: Law Bureau

ddt

DOCKETED

SEP 18 2006

PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIPT

The addressee named here has paid the PA P.U.C. for the following bill:

DATE: 9/19/2006
RECEIPT NO: 204935

JENNIFER L. PHURROUGH
LAMPERT & O'CONNOR, P.C.
1750 K STREET, N.W., SUITE 600
WASHINGTON DC 20006

IN RE: Application fees for DSLNET COMMUNICATIONS, LLC & MDS ACQUISITION, INC.

Docket Number A-310824F0007..... \$350.00


REVENUE ACCOUNT: 001780-017601-102

CHECK NUMBER: 3719
CHECK AMOUNT: \$350.00

Michael Sobolesky
(for Department of Revenue)

**DOCUMENT
FOLDER**

DOCKETED
OCT 02 2006

 Lampert & O'Connor, P.C.

1776 K Street NW
Suite 700
Washington, DC 20006

ORIGINAL
Tel 202/887-6230
Fax 202/887-6231

www.l-olaw.com
info@l-olaw.com

September 20, 2006

VIA OVERNIGHT DELIVERY

Mr. James J. McNulty
Secretary
Pennsylvania Public Utility Commission, 2nd Floor
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

DOCUMENT
FOLDER

RECEIVED

SEP 20 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Joint Application of DSLnet Communications, LLC and
MDS Acquisition, Inc. for Transfer of Control


Dear Mr. McNulty:

A-310824 F0007

DSLnet Communications, LLC ("DSLnet") and MDS Acquisition, Inc. (together "Applicants"), hereby file this letter to clarify certain information provided in the above-referenced Joint Application filed September 8, 2006, with the Pennsylvania Public Utility Commission ("Commission"). Specifically, in reviewing the Joint Application, Applicants determined that the Joint Application incorrectly stated that DSLnet has "one wholesale customer in Pennsylvania." So that the Commission's records are correct, please be advised that DSLnet does not have any intrastate wholesale or retail customers in Pennsylvania.

Three (3) copies of this letter are attached for filing. Please date-stamp the stamp-and-return copy and return it in the self-addressed envelope. Should you have any questions with respect to this filing, please do not hesitate to contact the undersigned at (202) 887-6230.

Respectfully submitted,



Jennifer L. Phurrough
Counsel for MDS Acquisition, Inc.

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