

WC 06-41

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEB 02 2006

_____	)	
In the Matter of	)	
	)	
OREGON TELECOM, INC.	)	
	)	File No. ITC-T/C-2006 _____
Transferor,	)	
	)	
ESCHELON TELECOM, INC.	)	
	)	
Transferee,	)	WC Docket No. 06- _____
	)	
Joint Application for Consent to a Transfer	)	
Pursuant to Section 214 of the Communications	)	
Act of 1934, as Amended	)	
_____	)	

**JOINT INTERNATIONAL AND DOMESTIC APPLICATION  
FOR STREAMLINED CONSENT TO TRANSFER CONTROL**

Pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"),<sup>1</sup> and Sections 63.04 and 63.24 of the Commission's rules,<sup>2</sup> this Joint Application seeks the consent of the Federal Communications Commission to the proposed transfer of ultimate control of Oregon Telecom, Inc. ("OTI") to Eschelon Telecom, Inc. (ETI). ETI and OTI are non-dominant carriers authorized by the Commission to provide international<sup>3</sup> and domestic telecommunications services. A Domestic Supplement, containing the information required by 47 C.F.R. § 63.04, is attached hereto as Exhibit A.

Applicants seek streamlined processing of this Joint International and Domestic Application pursuant to Sections 63.03 and 63.12 of the Commission's Rules.<sup>4</sup> This Application is eligible for streamlined processing

<sup>1</sup> 47 U.S.C. § 214.

<sup>2</sup> 47 C.F.R. §§ 63.04(b), 63.24(e).

<sup>3</sup> ETI provides international telecommunications services pursuant to International Section 214 authorization granted by the Commission in File No. ITC-214-19990729-00490 on August 27, 1999. OTI provides international telecommunications services pursuant to International Section 214 authorization granted by the Commission in File No. ITC-214-20051103-00449 on November 30, 2005. ETI and OTI are referred to collectively as the "Applicants."

<sup>4</sup> 47 C.F.R. §§ 63.03 and 63.12.

pursuant to Section 63.03(b)(2)(i) of the Commission's Rules, 47 C.F.R. § 63.03(b)(2)(i), because (a) after the proposed transaction, ETI and its affiliates will have less than 10 percent market share in the interstate, interexchange marketplace and will provide competitive services exclusively in areas served by dominant local carriers that are not parties to the transaction, and (b) the Applicants are not currently dominant with respect to any domestic service, and will not become dominant with respect to any domestic service after consummation of the proposed transaction. This Application also qualifies for streamlined treatment under Section 63.12 because (a) ETI is not affiliated with a dominant foreign carrier, (b) ETI will not become affiliated with any foreign carrier as a result of the proposed transaction, and (c) none of the other provisions contained in Section 63.12(c) of the Commission's Rules, 47 C.F.R. § 63.12, apply.

Applicants seek to complete the proposed transaction on an expedited basis, and therefore request *expedited* treatment and consideration of this Application, so that Applicants' business plans can be implemented, which business plans include consummation of the proposed transfer on or about *April 3, 2006*.

In support of this Application, Applicants submit the following information:

**I. APPLICANTS**

**(a) Oregon Telecom, Inc. (FRN # 0009194960)**

Oregon Telecom, Inc. is a privately owned corporation organized under the laws of the state of Oregon. OTI is located at 3991 Fairview Industrial Drive SE, Salem, OR 97302. OTI is authorized to provide telecommunications services in the states of Oregon and Washington. In these states, it provides resold local and long distance voice, internet and data services to small and medium-sized businesses. OTI provides voice, data, and Internet services to over 6000 customers and has over 45,000 access lines<sup>5</sup> in service.

OTI holds Section 214 authorizations from the Federal Communications Commission to provide domestic and international resold telecommunications services.<sup>6</sup> OTI is considered a non-dominant carrier under the Commission's Rules. OTI has no affiliates that offer telecommunications services. The company has no affiliation, within the meaning of Section 63.09(e) of the Commission's Rules, 47 C.F.R. § 63.09(e), with a dominant U.S. or foreign facilities-based carrier.

---

<sup>5</sup> Eschelon defines "access lines" as 64bps channels.

<sup>6</sup> See Footnote 3, *supra*.

**(b) ESCHELON TELECOM, INC. (FRN #0010289114)**

Eschelon Telecom, Inc. (ETI) is a corporation organized under the laws of the state of Delaware. ETI's principal place of business is located at 730 2<sup>nd</sup> Avenue South, Suite 900, Minneapolis, Minnesota 55402. Eschelon Acquisition Corp., an Oregon corporation, is a direct, wholly owned subsidiary of Eschelon Operating Company ("OPCO"), a Minnesota corporation that functions as a holding company, which in turn is a direct, wholly owned subsidiary of ETI, the ultimate parent corporation. ETI is authorized to provide telecommunications services in California, Idaho, New Mexico and New York; however, ETI only provides service, specifically long distance resale service, to 1 business customer in New York. OPCO has several direct, wholly owned subsidiaries that offer telecommunications services in various states.<sup>7</sup> In these states, the subsidiaries provide resold and facilities-based local, resold long distance, Internet and data services to small and medium sized-businesses. ETI and its subsidiaries, collectively "Eschelon," are headquartered at the above address, provide voice, data, Internet services and business telephone systems to over 38,000 customers, and have over 225,000 access lines in service. Eschelon owns switches in all states where it offers local services. The average Eschelon customer has 5-8 lines. Eschelon provides local and long distance facilities-based service in 19 markets in 8 states. There are no other affiliates of ETI that offer domestic telecommunications services.

As a part of the proposed transaction, a newly created subsidiary of OPCO, Eschelon Acquisition Corp., will be merged with and into OTI. As a result of the merger, the separate corporate existence of, Eschelon Acquisition Corp. shall cease and OTI will continue as the surviving corporation of the merger as a wholly owned subsidiary of OPCO, which is a wholly owned subsidiary of ETI. Thus, ETI will be the ultimate parent company for OTI after consummation of the transactions contemplated by the Agreement and Plan of Merger.

As permitted by Section 63.21 of the Commission's Rules, 47 C.F.R. § 63.21, ETI's subsidiaries currently provide resold international switched telecommunications services pursuant to the parent company, ETI's, international Section 214 authorization.<sup>8</sup>

---

<sup>7</sup> Advanced TelCom, Inc., Eschelon Telecom of Minnesota, Inc., Eschelon Telecom of Washington, Inc., Eschelon Telecom of Colorado, Inc., Eschelon Telecom of Nevada, Inc., Eschelon Telecom of Arizona, Inc., Eschelon Telecom of Utah, Inc. and Eschelon Telecom of Oregon, Inc.

<sup>8</sup> See Footnote 3, supra.

## **II. DESCRIPTION OF THE TRANSACTION**

On January 26, 2006, ETI and OTI signed a Agreement and Plan of Merger (“Agreement”) providing for the merger of OTI and Eschelon Acquisition Corp., an Oregon corporation and a direct wholly owned subsidiary of Eschelon Operating Company, Inc., (“OPCO”) a Minnesota corporation and a direct wholly owned subsidiary of ETI. Pursuant to the terms of the Agreement, Eschelon Acquisition Corp. will be merged into OTI, with OTI to be the surviving corporation of the merger (the “Transaction”). As a result of the merger, the separate corporate existence of Eschelon Acquisition Corp. will cease and OTI shall continue as the surviving corporation of the merger as a wholly owned subsidiary of OPCO. Thus following the completion of the Transaction, OTI will be will be wholly owned by OPCO, which will continue to be wholly owned by ETI. Closing of the Transaction is contingent upon, among other things, receipt of necessary regulatory approvals from the Commission and other Governmental approvals.

Applicants emphasize that the proposed Transaction will be entirely transparent to customers of OTI. Because of the nature of this merger, the transfer of control will not result in a change of carrier for any OTI customers. Immediately after consummating the transaction, OTI will continue to provide the identical end user telecommunications and other services to the affected customers and will continue to provide these services at the rates and pursuant to the terms and conditions of service these customers currently receive from OTI. Any future changes in the rates, terms and conditions of service will be made consistent with applicable law. Further, OTI will continue to provide services under the OTI name. The Transaction is not expected to result in any discontinuance of service for the OTI customers. In sum, consummation of the Transaction will result in no perceivable changes to OTI’s customers.

## **III. PUBLIC INTEREST**

The Applicants respectfully submit that the Transaction serves the public interest. After consummation of the Transaction, OTI will continue to operate under its name and operating authorities as at present. The Transaction involves no change in the entity providing service directly to customers or the end user services, rates, terms and conditions of such services. All existing tariffs will remain in place. The transfer of control will be entirely transparent to OTI customers and will not have any adverse impact on them. The only change will be in the ultimate ownership of OTI.

The Applicants expect that the Transaction will increase competition in the telecommunications market by strengthening ETI’s position as an effective and multifaceted telecommunications carrier. The Transaction will

allow ETI to combine its financial, technical and market resources and expertise with that of OTI, thereby enhancing its ability to provide reliable, competitively priced services to customers. By permitting ETI to strengthen its *competitive position the proposed Transaction will make ETI a more financially secure competitive alternative to the incumbents and promote ETI's ability to enter additional markets, thus expanding competitive choices for customers.*

OTI focuses on delivering reliable, high-quality voice, data and Internet services to the medium and large business markets. Customers currently served by OTI fall squarely within ETI's market niche and therefore make an ideal fit with ETI's long term expansion goals. *Consummation of the proposed Transaction will make available to OTI customers ETI's innovative and proprietary operations support systems, which provide leading edge electronic bonding, provisioning, customer care and billing system capabilities. ETI is committed to exceeding customer expectations and understands that service and support are just as important as having the latest technology at competitive prices. That is why ETI supports its products and services with dedicated and skilled account teams. OTI customers can expect the same dedicated attention if the proposed Transaction is consummated.*

The transfer of control of OTI to ETI does not result in any anti-competitive effects. OTI and ETI together will achieve economies of scale and scope, which will enhance ETI's ability to deploy new products and services and expand into new markets. Although OTI and ETI both provide services in certain markets, (Oregon and Washington) neither has significant market share in any of these markets and the combined market share post-closing will not exceed 10 percent in any market. In all instances where OTI and ETI provide local exchange services, the incumbent local exchange carrier has a virtual monopoly and this Transaction will not diminish the ILEC's dominant market position. Furthermore, other competitive carriers such as Time Warner, XO, Integra and a plethora of others are active participants in these markets. Accordingly, the transfer of control of OTI to ETI will increase, not degrade, the competitiveness of these markets.

For each of the foregoing reasons, grant of the proposed transaction is in the public interest.

**IV. INFORMATION REQUIRED BY SECTION 63.24(e) OF THE RULES**

As required by Section 63.24(e)(2) of the Commission's Rules, Applicant submits the following information:

(a) **Names, addresses and telephone numbers of Applicants:**

*Transferee*

Eschelon Telecom, Inc.,  
730 2<sup>nd</sup> Avenue South, Suite 900  
Minneapolis, MN 55402  
Telephone: (612) 376-4400

*Transferor*

Oregon Telecom, Inc.  
3991 Fairview Industrial Drive SE  
Salem, OR 97302  
Telephone: (503) 588-8388

(b) **The Government, State, or Territory under the laws of which each of the Applicants is organized:**

<u>Applicant</u>	<u>State of Organization</u>
Eschelon Telecom, Inc.,	Delaware
Oregon Telecom, Inc.	Oregon

(c) **Correspondence concerning this Application should be addressed to:**

Dennis D. Ahlers  
Eschelon Telecom, Inc.  
730 2<sup>nd</sup> Avenue South, Suite 900  
Minneapolis, MN 55402  
Telephone: (612) 436-6249  
Facsimile: (612) 436-6349  
E-mail: ddahlers@eschelon.com

Dennis Gabriel  
Oregon Telecom, Inc.  
3991 Fairview Industrial Drive SE  
Salem, OR 97302  
Telephone: (503) 588-8388

With a copy to:

J. Jeffery Oxley  
Eschelon Telecom, Inc.  
730 2<sup>nd</sup> Avenue South, Suite 900  
Minneapolis, MN 55402  
Telephone: (612) 436-6692  
Facsimile: (612) 436-6792  
E-mail: [jjoxley@eschelon.com](mailto:jjoxley@eschelon.com)

(d) **Statement as to previous Section 214 authorization:**

ETI received its international authorization to provide resale telecommunications services on August 27, 1999 in ITC-214-19990729-00490, then known as Advanced Telecommunications, Inc. On May 2, 2000, the

Commission received a letter notice advising it of a change in name from Advanced Telecommunications, Inc. to Eschelon Telecom, Inc. ETI's subsidiaries provide interstate and international service pursuant to their parent's Section 214 authorization. OTI received its international authorization to provide resale services on November 28, 2005 in File No. ITC-214-20051103-00449.

(e) Not applicable.

(f) Not applicable.

(g) Not applicable.

**(h) The name, address, citizenship and principal businesses of any person or entity that directly or indirectly owns at least ten percent of the equity of the Applicant, and the percentage of equity owned by each of the entities:**

Upon consummation of the Transaction, OTI will become a wholly owned subsidiary of OPCO, which in turn is the wholly owned subsidiary of ETI. Thus, ETI will be the new ultimate parent corporation and indirectly own 100% of the equity interest in OTI. ETI is a Delaware corporation with its principal offices located at 720 2<sup>nd</sup> Avenue South, Suite 900, Minneapolis, Minnesota 55402. OPCO is a Minnesota Corporation, also located at 720 2<sup>nd</sup> Avenue South, Suite 900, Minneapolis, Minnesota 55402 and functions as a holding company. ETI provides local and long distance telecommunications services in several states.

The following entity owns a ten percent or greater direct or indirect interest in OPCO:

Name:	Eschelon Telecom, Inc. ("ETI")
Address:	730 2 <sup>nd</sup> Avenue South, Suite 900 Minneapolis, Minnesota 55402
Citizenship:	US - Delaware corporation
Principal business:	Provide of local and long distance telecommunications services
Percent of ownership:	100%

None of ETI's officers or directors sit on the boards of any foreign telecommunications carriers.

The following entities own a ten percent or greater direct or indirect interest in ETI:

(1) Name:	Wind Point Partners IV, L.P. ("Wind Point Partners")
Address:	One Towne Square, Suite 780 Southfield, MI 48076
Citizenship:	US - Delaware LP
Principal business:	Investments
Percent of ownership:	20.5%

No limited partner of Wind Point Partners holds a ten percent or greater ownership interest in ETI under the Commission's ownership attribution rules. The general partner of Wind Point Partners is:

Name:	Wind Point Investors IV, L.P. ("Wind Point Investors")
Address:	One Towne Square, Suite 780 Southfield, MI 48076
Citizenship:	US - Delaware LP
Principal business:	Investments

No limited partner of Wind Point Investors holds a ten percent or greater ownership interest in ETI under the Commission's ownership attribution rules. The general partner of Wind Point Investors is:

Name: Wind Point Advisors, LLC (“Wind Point Advisors”)  
Address: One Towne Square, Suite 780  
Southfield, MI 48076  
Citizenship: US – Delaware LLC  
Principal business: Investments

There is no managing member of Wind Point Advisors and no member of Wind Point Advisors has a ten percent or greater ownership interest in ETI under the Commission’s ownership attribution rules.

(2) Name: Bain Capital Fund VI, L.P. (“Bain Capital”)  
Address: 111 Huntington Avenue  
Boston, MA 02199  
Citizenship: US – Delaware LP  
Principal business: Investments  
Percent of ownership: 25.7%

No limited partner of Bain Capital holds a ten percent or greater ownership interest in ETI under the Commission’s ownership attribution rules. The general partner of Bain Capital is:

Name: Bain Capital Partners VI, L.P. (“Bain Partners”)  
Address: 111 Huntington Avenue  
Boston, MA 02199  
Citizenship: US – Delaware LP  
Principal business: Investments

No limited partner of Bain Partners holds a ten percent or greater ownership interest in ETI under the Commission’s ownership attribution rules. The general partner of Bain Partners is:

Name: Bain Capital Investors, LLC (“Bain Investors”)  
Address: 111 Huntington Avenue  
Boston, MA 02199  
Citizenship: US – Delaware LLC  
Principal business: Investments

Bain Investors has no economic interest in Bain Partners. There is no managing member of Bain Investors and no member of Bain Investors has a ten percent or greater ownership interest in ETI under the Commission’s ownership attribution rules.

No other entity will hold a 10% or greater direct or indirect interest in ETI.

Following consummation of the proposed Transaction, there will be no interlocking directorates with any foreign carrier.

**(i) Certification that ETI is not a foreign carrier and is not affiliated with a foreign carrier:**

As evidenced by the signatures to this Application, ETI certifies that following consummation of the proposed Transaction, ETI will not be a foreign carrier and will not be affiliated with any foreign carriers.

**(j) Certification that ETI does not intend to provide international telecommunications services to a destination country for which any of Sections 63.18(j)(1)-(4) of the Commission’s Rules, 47 C.F.R. § 63.18(j)(1)-(4) is true.**



As evidenced by the signatures to this Application ETI certifies that it does not intend to provide international telecommunications services to any destination country for which any of the conditions stated in Sections 63.18(j)(1)-(4) of the Commission's Rules, 47 C.F.R. § 63.18(j)(1)-(4) are true.

(k) Not applicable (see response to item (j)).

(l) Not applicable (see response to item (j)).

(m) Not applicable. ETI qualifies for a presumption of non-dominance under Section 63.10(a)(1) as it is not a foreign carrier, nor is it affiliated with a foreign carrier.

**(n) Certification that ETI has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future:**

As evidenced by the signatures to this Application, ETI certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

**(o) Certifications by Parties that no party to this Application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853(a):**

As evidenced by the signatures to this Application, Applicants certify, pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules (implementing the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 3301), that they are not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Act of 1988.

**(p) Streamlined Processing.**

Applicants request streamlined processing of this application pursuant to Section 63.12 of the Commission's Rules, 47 C.F.R. § 63.12. This Application is eligible for streamlined processing pursuant to Section 63.12 of the Commission's Rules because: (1) ETI, the transferee, is not affiliated with a foreign carrier; (2) ETI is not affiliated with a dominant U.S. carrier; and (3) ETI does not seek authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines, and none of the other scenarios outlined in Section 63.12(c) of the Commission's Rules apply. See 47 C.F.R. §§ 63.12(a)-(c).

## **V. INFORMATION REQUIRED BY SECTION 63.04(b) OF THE COMMISSION'S RULES**

In accordance with the requirements of Section 63.04(b) of the Commission's Rules, the additional information required by this section for the domestic Section 214 transfer of control application is provided in Exhibit A.

VI. CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application.

Dated this 27<sup>th</sup> day of January, 2006.

Respectfully submitted,

ESCHELON TELECOM, INC.

By: 

Dennis D. Ahlers  
Senior Attorney/Director  
730 2<sup>nd</sup> Avenue South, Suite 900  
Minneapolis, MN 55402  
Telephone: (612) 436-6249  
Facsimile: (612) 436-6349  
E-mail: ddahlers@eschelon.com

OREGON TELECOM, INC.

By: \_\_\_\_\_

Dennis Gabriel  
President OPS  
Oregon Telecom Inc.  
Telephone: (541)-345-7999  
Facsimile: (541)-345-1811 Fax  
E-mail: dgabriel@oregontelecom.com

VI. CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application.

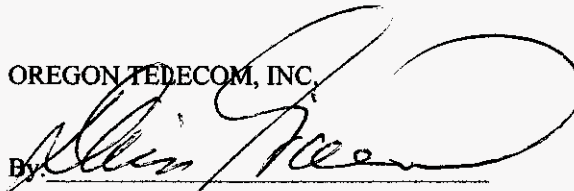
Dated this 27<sup>th</sup> day of January, 2006.

Respectfully submitted,

ESCHELON TELECOM, INC.

OREGON TELECOM, INC.

By: \_\_\_\_\_

By:  \_\_\_\_\_

Dennis D. Ahlers  
Senior Attorney/Director  
730 2<sup>nd</sup> Avenue South, Suite 900  
Minneapolis, MN 55402  
Telephone: (612) 436-6249  
Facsimile: (612) 436-6349  
E-mail: ddahlers@eschelon.com

Dennis Gabriel  
President OPS  
Oregon Telecom Inc.  
Telephone: (541)-345-7999  
Facsimile: (541)-345-1811 Fax  
E-mail: dgabriel@oregontelecom.com

# EXHIBIT A

## DOMESTIC SUPPLEMENT TO JOINT INTERNATIONAL AND DOMESTIC APPLICATION FOR CONSENT TO TRANSFER CONTROL

- I. Pursuant to 47 C.F.R. § 63.04(b), the following information required by 47 C.F.R. 63.04(a)(6)-(a)(12) is supplied in connection with the attached Joint International and Domestic Application for Consent to Transfer Control.

**(6) Description of the transaction:**

On January 26, 2006, ETI and OTI signed a Agreement and Plan of Merger ("Agreement") providing for the merger of OTI and, Eschelon Acquisition Corp., an Oregon corporation and a direct wholly owned subsidiary of Eschelon Operating Company, Inc., ("OPCO") a Minnesota Corporation and a direct wholly owned subsidiary of ETI (the "Transaction"). Pursuant to the terms of the Agreement, Eschelon Acquisition Corp. will be merged into OTI, with OTI to be the surviving corporation of the merger. As a result of the merger, the separate corporate existence of, Eschelon Acquisition Corp. will cease and OTI shall continue as the surviving corporation of the merger as a wholly owned subsidiary of OPCO. Thus following the completion of the Transaction, OTI will be wholly owned by OPCO, which will continue to be wholly owned by ETI. Closing of the Transaction is contingent upon, among other things, receipt of necessary regulatory approvals from the Commission and other governmental approvals.

Applicants emphasize that the proposed Transaction will be entirely transparent to customers of OTI. Because of the nature of this merger, the transfer of control will not result in a change of carrier for any OTI customers. Immediately after consummating the transaction, OTI will continue to provide the identical end user telecommunications and other services to the affected customers and will continue to provide these services at the rates and pursuant to the terms and conditions of service these customers currently receive from OTI. Any future changes in the rates, terms and conditions of service will be made consistent with applicable law. Further, OTI will continue to provide services under the OTI name. The Transaction is not expected to result in any discontinuance of service for the OTI customers. In sum, consummation of the Transaction will result in no perceivable changes to OTI's customers. In sum, consummation of the Transaction will result in no perceivable changes to OTI's customers.

**(7) A description of the geographic areas in which the transferor and transferees offer domestic telecommunications services, and what services are provided in each area:**

ETI and its subsidiaries provide local and long-distance voice, data, Internet services and business telephone systems in Minnesota, California, Colorado, Arizona, Utah, Nevada, Washington and Oregon. OTI provides resold local, resold long distance, Internet and data services to small and medium-sized businesses in the states of Oregon and Washington.

**(8) A statement as to how the Application fits into one or more of the presumptive streamlined categories in Section 63.03 or why it is otherwise appropriate for streamlined treatment:**

ETI as transferee, will have less than a 10 percent market share in the interstate, interexchange market as a result of the transaction and will provide services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to this transaction. Further, neither ETI nor OTI is dominant with respect to any service. Therefore, this Application is appropriate for streamlined treatment pursuant to 47 C.F.R. § 63.03(b)(2).

**(9) Identification of all other Commission applications related to the same transaction:**

The attached Application for consent to the transfer of control related to the provision of international telecommunications services is being submitted herewith.

**(10) A statement of whether the Applicants are requesting special consideration because either party to the transaction is facing imminent business failure:**

Applicants do not seek special consideration in this Application.

**(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction:**

Applicants do not seek any waivers in conjunction with the transactions discussed in this Application.

**(12) A statement showing how grant of the Application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets:**

The Applicants respectfully submit that the Transaction serves the public interest. After consummation of the Transaction, OTI will continue to operate under its name and operating authorities as at present. The Transaction involves no change in the entity providing service directly to customers or the end user services, rates, terms and conditions of such services. All existing tariffs will remain in place. The transfer of control will be entirely transparent to OTI customers and will not have any adverse impact on them. The only change will be in the ultimate ownership of OTI.

The Applicants expect that the Transaction will increase competition in the telecommunications market by strengthening ETI's position as an effective and multifaceted telecommunications carrier. The Transaction will allow ETI to combine its financial, technical and market resources and expertise with that of OTI, thereby enhancing its ability to provide reliable, competitively priced services to customers. By permitting ETI to strengthen its competitive position the proposed Transaction will make ETI a more financially secure competitive alternative to the incumbents and promote ETI's ability to enter additional markets, thus expanding competitive choices for customers.

OTI focuses on delivering reliable, high-quality voice, data and Internet services to the medium and large business markets. Customers currently served by OTI fall squarely within ETI's market niche and therefore make an ideal fit with ETI's long term expansion goals. Consummation of the proposed Transaction will make available to OTI customers ETI's innovative and proprietary operations support systems, which provide leading edge electronic bonding, provisioning, customer care and billing system capabilities. ETI is committed to exceeding customer expectations and understands that service and support are just as important as having the latest technology at competitive prices. That is why ETI supports its products and services with dedicated and skilled account teams. OTI customers can expect the same dedicated attention if the proposed Transaction is consummated.

The transfer of control of OTI to ETI does not result in any anti-competitive effects. OTI and ETI together will achieve economies of scale and scope, which will enhance ETI's ability to deploy new products and services and expand into new markets. Although OTI and ETI both provide services in certain markets, (Oregon and Washington) neither has significant market share in any of these markets and the combined market share post-closing will not exceed 10 percent in any market. In all instances where OTI and ETI provide local exchange services, the incumbent local exchange carrier has a virtual monopoly and this Transaction will not diminish the ILEC's dominant market position. Furthermore, other competitive carriers such as Time Warner, XO, Integra and a plethora of others are active participants in these markets. Accordingly, the transfer of control of OTI to ETI will increase, not degrade, the competitiveness of these markets. For each of the foregoing reasons, grant of the proposed transaction is in the public interest.