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June 15, 2002

**VIA FEDERAL EXPRESS**

Ms. Blanca Bayo  
Commission Clerk & Administrative Services Director  
Florida Public Service Commission  
2540 Shuman Oak Blvd.  
Tallahassee, Florida 32399-0850

020535-TP

Re: Application for Approval of (i) the Transfer of Substantially All of the Assets, Including the Customer Contracts, of the e.spire Operating Entities to the Xspedius Operating Entities; (ii) the Transfer of the e.spire Operating Entities' State Authorizations to the Xspedius Operating Entities; and (iii) the Discontinuance of Telecommunications Services in Florida by the e.spire Operating Entities

Dear : Ms. Bayo

Enclosed, please find an original and 12 copies of the above referenced Application. Please date-stamp the enclosed duplicate and return in the enclosed Federal Express envelope. If you have any questions, please do not hesitate to contact me at (202) 887-1228.

Sincerely,



Leila M. Baheri

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

Joint Application of )  
)  
**ACSI LOCAL SWITCHED SERVICES, INC., D/B/A E.SPIRE** )  
**AND AMERICAN COMMUNICATION SERVICES OF** )  
**JACKSONVILLE, INC., D/B/A E.SPIRE** )  
)  
and )  
)  
**XSPEDIUS MANAGEMENT CO. SWITCHED** )  
**SERVICES, LLC, AND XSPEDIUS MANAGEMENT CO** )  
**OF JACKSONVILLE, LLC** )

Docket No. \_\_\_\_\_

For Expedited Approval of (i) the Transfer of Substantially )  
All of the Assets, Including the Customer Contracts, of )  
the e.spire Operating Entities to the Xspedius Operating )  
Entities; (ii) the Transfer of the e.spire Operating Entities' )  
State Authorizations to the Xspedius Operating Entities; )  
and (iii) the Discontinuance of Telecommunications )  
Services in Florida by the e.spire Operating Entities )

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**APPLICATION AND REQUEST FOR EXPEDITED TREATMENT**

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American Communication Services of Jacksonville, Inc. (“ACSI of Jacksonville”) and ACSI Local Switched Services, Inc. (“ACSI Local”) (the “e.spire Operating Entities”); and Xspedius Management Co. of Jacksonville, LLC (“Xspedius Jacksonville”) and Xspedius Management Co. Switched Services, LLC (“Xspedius Switched”) (the “Xspedius Operating Entities”) (collectively, the “Petitioners”), through their undersigned counsel and pursuant to Fla. Admin. Code 25-24.820 and 25-4.118 hereby respectfully request that the Florida Public Service

Commission (the “Commission”) grant authority to the Petitioners to consummate a transaction arising out of the e.spire Operating Entities’ Chapter 11 bankruptcy proceeding that will enable the e.spire Operating Entities to (a) transfer substantially all of their assets, including their customer base, to the Xspedius Operating Entities, and (b) transfer the current customers of ACSI Jacksonville and ACSI Local to Xspedius Jacksonville and Xspedius Switched, respectively (or another carrier of their choice) without interruption of service.<sup>1</sup> The actual date for the transfer of the e.spire Operating Entities’ customers to the Xspedius Operating Entities, and the discontinuance of service by the e.spire Operating Entities, cannot be determined at this time as completion of the transaction requires various state and federal regulatory approvals. The Petitioners will notify the Commission when the transaction is complete. In the interim, the e.spire Operating Entities will provide continuous, uninterrupted service to their customers.

Pursuant to the terms of the transaction approved on June 5, 2002, by the Bankruptcy Court, the Xspedius Operating Entities are acquiring substantially all of the assets of the e.spire Operating Entities, including most of their customer accounts and contracts and, where applicable, their state regulatory authorizations, including their state regulatory authorization(s) in Florida (the “Transaction”).<sup>2</sup> Accordingly, the Petitioners request that the

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<sup>1</sup> The e.spire Operating Entities filed a voluntary petition for Chapter 11 protection with the United States Bankruptcy Court for Delaware (the “Bankruptcy Court”) on March 22, 2001. A Sale Order approving the transaction covered by this Petition was entered by the Bankruptcy Court on June 5, 2002.

<sup>2</sup> The e.spire entities that are parties to the asset transfer transaction are: e.spire Finance Corporation; ACSI Network Technologies, Inc.; e.spireDATA, Inc.; ACSI Local Switched Services, Inc.; ACSI Long Distance, Inc.; e.spire Leasing Corporation; American Communication Services of Albuquerque, Inc.; American Communication Services of Amarillo, Inc.; American Communication Services of Atlanta, Inc.; American Communication Services of Austin, Inc.; American Communication Services of Baton Rouge, Inc.; American Communication Services of Birmingham, Inc.; American Communication Services of Charleston, Inc.; American Communication Services of Chattanooga, Inc.; American Communication Services of Colorado Springs, Inc.; American Communication Services of Columbia, Inc.; American Communication  
(continued...)

Commission approve the transfer of the e.spire Operating Entities' assets, including their customer base, to the Xspedius Operating Entities.<sup>3</sup> By separate applications, which are being filed simultaneously with this Petition, Xspedius Jacksonville and Xspedius Switched are requesting the transfer of the existing e.spire authorizations to provide alternative local exchange service and interexchange telecommunications services in Florida and will provide service to the former ACSI Jacksonville and ACSI Local customers under those authorizations. Because the Xspedius Operating Entities are acquiring the assets and not the stock of the e.spire Operating Entities, upon completion of the Transaction, the e.spire Operating Entities no longer will provide telecommunications services in Florida. Accordingly, the e.spire Operating Entities respectfully request authority to discontinue the provision of telecommunications services upon

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(...continued)

Services of Columbus, Inc.; American Communication Services of Corpus Christi, Inc.; American Communication Services of Dallas, Inc.; American Communication Services of D.C., Inc.; American Communication Services of El Paso, Inc.; American Communication Services of Fort Worth, Inc.; American Communication Services of Greenville, Inc.; American Communication Services of Irving, Inc.; American Communication Services of Jackson, Inc.; American Communication Services of Jacksonville, Inc.; American Communication Services of Kansas City, Inc.; American Communication Services of Las Vegas, Inc.; American Communication Services of Lexington, Inc.; American Communication Services of Little Rock, Inc.; American Communication Services of Louisiana, Inc.; American Communication Services of Louisville, Inc.; American Communication Services of Maryland, Inc.; American Communication Services of Miami, Inc.; American Communication Services of Mobile, Inc.; American Communication Services of Montgomery, Inc.; American Communication Services of Pima County, Inc.; American Communication Services of Rio Rancho, Inc.; American Communication Services of Roanoke, Inc.; American Communication Services of San Antonio, Inc.; American Communication Services of Savannah, Inc.; American Communication Services of Shreveport, Inc.; American Communication Services of Spartanburg, Inc.; American Communication Services of Tampa, Inc.; American Communication Services of Tulsa, Inc.; American Communication Services of Virginia, Inc.; American Communication Services International, Inc.; ACSI Local Switched Services of Virginia, Inc., Cybergate, Inc., and FloridaNet, Inc.

<sup>3</sup> As the transaction is currently structured, the relevant assets will be initially transferred to Xspedius Management Co., LLC, and then immediately transferred to the Operating Entities.

the complete transfer of their assets, including their customers, to the Xspedius Operating Entities.

The Petitioners respectfully request *expedited* treatment and consideration of this Petition because the e.spire Operating Entities' customers currently are continuing to receive service from ACSI Jacksonville and ACSI Local. The e.spire Operating Entities are operating in Chapter 11 of the U.S. Bankruptcy Code, but may soon be forced to convert to Chapter 7. If the e.spire Operating Entities are forced to convert, ACSI Jacksonville and ACSI Local could shut down and customers not already migrated to the Xspedius Operating Entities could lose service. In order to avoid such an interruption of service—which e.spire will endeavor to prevent—the Petitioners respectfully request that the Commission grant all relief sought herein as soon as practically possible.

In support of this Petition, Petitioners respectfully provide the following information:

## **I. PARTIES TO THE TRANSACTION**

### **A. The Xspedius Operating Entities**

Xspedius Management Co. Switched Services, LLC and Xspedius Management Co. of Jacksonville, LLC are limited liability companies formed under the laws of Delaware. The Xspedius Operating Entities' principal place of business is P.O. Box 1116, O'Fallon, MO 63366-1116. The parent company of the Xspedius Operating Entities is Xspedius Management Co., LLC ("Xspedius"). None of the Xspedius Operating Entities is authorized to provide telecommunications services in this state, although another affiliate, Xspedius Corp.,<sup>4</sup> currently

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<sup>4</sup> Xspedius Corp. is an integrated communications provider authorized to provide local, long distance, and integrated services in five states. Xspedius Corp., for the time-being, will continue as a separate entity, wholly owned by Xspedius Management Co., LLC.

is authorized to provide telecommunications services in Alabama, Louisiana, Mississippi, North Carolina, and Tennessee.

### **B. The e.spire Operating Entities**

ACSI Local Switched Services, Inc., d/b/a e.spire, a Delaware corporation, and American Communication Services of Jacksonville, Inc., d/b/a e.spire, a Maryland corporation, have their principal place of business at Monument One, 12975 Worldgate Drive, Herndon, VA 20170. e.spire Communications, Inc. (“e.spire”) is the parent company of the e.spire Operating Entities. e.spire through its operating affiliates, is an integrated communications provider, offering traditional local and long distance, dedicated Internet access, and advanced data solutions, including ATM and frame relay. e.spire, through its operating affiliates, currently is authorized to provide facilities-based and resale competitive local exchange, competitive access, and intrastate interexchange services in virtually all of the states. In this state, the e.spire Operating Entities are authorized to provide dedicated service and alternative local exchange and interexchange telecommunications services.<sup>5</sup>

## **II. DESIGNATED CONTACTS**

The designated contacts for this Petition are:

Brad Mutschelknaus  
Enrico C. Soriano  
Leila M. Baheri  
KELLEY DRYE & WARREN LLP  
1200 19<sup>th</sup> Street, N.W., Fifth Floor  
Washington, D.C. 20036  
(202) 955-9600 (telephone)  
(202) 955-9792 (facsimile)

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<sup>5</sup> Docket No. 960698-TX, Order No. PSC-96-1201-FOF-TX (Certificate No. 4722); Docket No. 971064-TX, Order No. PSC-97-1299-FOF-TX (Certificate No. 5474); and Docket No. 971476-TI (Certificate No. 5339).

Notices and other filings concerning this Petition should be sent to the individuals designated above, and copies of same should be sent to the following (which shall not constitute notice):

James C. Falvey  
Senior Vice President – Regulatory Affairs  
e.spire Communications, Inc.  
7125 Gateway Drive  
Suite 200  
Columbia, MD 21046

### **III. BACKGROUND TO THE TRANSACTION**

After their inception in 1994, e.spire and its operating subsidiaries, including the e.spire Operating Entities (collectively, the “e.spire Companies”) grew quickly and enjoyed early success. The sudden collapse of the capital markets for technology companies, however, unexpectedly denied the e.spire Companies continued access to the capital necessary for the continued operation and expansion of their business. As a result, on March 22, 2001, the e.spire Companies filed a voluntary petition for Chapter 11 protection with the United States Bankruptcy Court for Delaware. Although the bankruptcy filing temporarily relieved the e.spire Companies from their debt payment obligations, the e.spire Companies were unable to raise a sufficient funding while in Chapter 11 to emerge from bankruptcy as a going concern. The e.spire Companies instead chose to auction their assets. The auction took place between May 20 and May 22, 2002. After the auction, the e.spire Companies and Xspedius agreed that Xspedius and its operating subsidiaries, including the Xspedius Operating Entities (the “Xspedius

Companies”), would acquire substantially all of e.spire’s telecommunications assets and the authorizations and existing customer base associated therewith.<sup>6</sup>

After a final hearing on May 29, 2002, the Bankruptcy Court approved the sale, which calls for, *inter alia*, the sale of certain assets of the e.spire Companies, including those of the e.spire Operating Entities, to Xspedius and its operating subsidiaries, including the Xspedius Operating Entities, as set forth in the Asset Contribution Agreement; the continued provision of service to the e.spire Companies’ customers while necessary regulatory approvals are obtained, as set forth in the Management Agreement; and, upon obtaining such approvals, the transfer of the e.spire Companies’ assets, regulatory authorizations, and customers to the Xspedius Companies.

As explained above, to assure continuity of service to the e.spire Companies’ customers, the Management Agreement provides for the Xspedius Companies to provide management services to the e.spire Companies and to fund their continued operations while the approvals are obtained. Upon completion of the federal and individual state approval processes, the e.spire Companies’ assets and their customers will be transferred to the Xspedius Companies, including the Xspedius Operating Entities, except for those choosing to designate another carrier.

#### **IV. TRANSFER OF E.SPIRE’S CUSTOMERS**

Following completion of the Transaction, the Xspedius Operating Entities will provide the same local, long distance, and dedicated telecommunications services to the e.spire

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<sup>6</sup> The terms of the asset purchase agreement calls for the e.spire Companies to convey to Xspedius and its operating subsidiaries substantially all of the assets and properties of the e.spire Companies in all markets except New York and Philadelphia, together with certain specified obligations and liabilities. Once the entire transaction is consummated, Xspedius and its operating subsidiaries will possess substantially all of e.spire’s assets, including but not limited to, telecommunications facilities, customer contracts, and state authorizations (to the extent permitted by applicable state law).



Operating Entities' former customers in Florida. To ensure a seamless transition and avoid customer confusion or inconvenience, the Petitioners have provided written notice to the affected customers of the e.spire Operating Entities in Florida on June 7, 2002, which is at least thirty (30 days) prior to the transfer, explaining the change in service provider in accordance with applicable Federal Communications Commission ("FCC") and state requirements for changing a customer's presubscribed carrier. A copy of the notification letter that has been sent to the affected customers of the e.spire Companies is attached hereto and incorporated herein by reference as *Exhibit A*. Moreover, as described below, the Xspedius Operating Entities will continue the rates and service arrangements previously offered by the e.spire Operating Entities for the customers of the e.spire Operating Entities they are acquiring. Thus, the customers of the e.spire Operating Entities that will be transferred to the Xspedius Operating Entities will not experience any change in their rates and service arrangements. As a result, assuming that expedited approval can be obtained, the proposed transfer of customers will be virtually transparent to the e.spire Operating Entities' Florida customers in terms of rates, terms, and conditions of services.

#### **V. TRANSFER OF THE E.SPIRE OPERATING ENTITIES' AUTHORIZATIONS**

The Petitioners have also filed applications with the Commission for approval of the transfer of ACSI Jacksonville's and ACSI Local's existing telecommunications authorization in Florida to Xspedius Jacksonville and Xspedius Switched, respectively. As noted above, ACSI Jacksonville is authorized to provide alternative local exchange service in Florida pursuant to the authorization(s) granted by the Commission on September 23, 1996 in docket 960698-TX. Likewise, ACSI Local is authorized to provide alternative local exchange service and interexchange service in Florida pursuant to the authorization(s) granted by the Commission on

October 20, 1997 and February 16, 1998 in dockets 971064-TX and 971476-TI. As Xspedius Jacksonville and Xspedius Switched are not currently certified in this state, the transfer of ACSI Jacksonville's and ACSI Local's authorizations to Xspedius Jacksonville and Xspedius Switched is necessary to enable them to begin providing service to ACSI Jacksonville's and ACSI Local's existing customers as part of the Transaction.

**VI. ADOPTION OF THE E.SPIRE OPERATING ENTITIES' EXISTING TARIFFS**

In connection with the transfer of the e.spire Operating Entities' state authorizations to the Xspedius Operating Entities, the Petitioners also request that Xspedius Jacksonville and Xspedius Switched be allowed to adopt the existing tariffs of ACSI Jacksonville and ACSI Local, respectively, subject only to a minor name change to reflect the new name of the appropriate issuing carriers. None of the rates, terms, and conditions in these tariffs will change at this time. Except for the name change, the adoption of ACSI Jacksonville's and ACSI Local's tariffs by Xspedius Jacksonville and Xspedius Switched will be virtually transparent to the customers. The Xspedius Operating Entities respectfully request that their adopted tariffs be allowed to take effect immediately upon filing to avoid any gap in service to customers.

**VII. DISCONTINUANCE OF SERVICE**

As noted previously, upon completion of the Transaction, the e.spire Operating Entities will no longer be providing local exchange, interexchange, and dedicated services in Florida. Accordingly, ACSI Jacksonville and ACSI Local respectfully request that the Commission grant them authority to discontinue service upon completing the transfer of their customers to Xspedius Jacksonville and Xspedius Switched.

The Petitioners have complied (or are complying) with the Commission's regulations relating to discontinuance of service and transfers of customer base. Moreover, as noted above, the Petitioners have provided notice of the discontinuance and transfer of service to the affected e.spire customers on June 7, 2002.<sup>7</sup> A copy of the notification letter giving affected e.spire customers at least thirty (30) days to select another carrier of their choice is attached hereto and incorporated herein by reference as *Exhibit A*.

#### **VIII. PUBLIC INTEREST CONSIDERATIONS AND REQUEST FOR EXPEDITED PROCESSING**

The Petitioners respectfully submit that the Transaction serves the public interest. In particular, the Petitioners submit that: (1) the Transaction will eliminate the threat of disruption of service to existing e.spire customers who could lose service due to the e.spire Companies' bankruptcy; (2) expedited approval of the asset transfer prior to June 30, 2002 will accrue to the benefit of e.spire's customers by allowing the customers to move to their new long-term provider, and doing so while the e.spire Companies still have the financial wherewithal to continue uninterrupted service; and (3) the Transaction will increase competition in the Florida telecommunications market by strengthening the Xspedius Companies' position as effective and multifaceted telecommunications carriers. Given the difficult times faced by the competitive industry, it is all the more important to preserve existing competitive facilities-based options and robust local competition, with its attendant benefits of lower prices, higher quality service, and innovative services.

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<sup>7</sup> Pursuant to the notice, e.spire will discontinue service on July 8, 2002, soon thereafter as the necessary governmental approvals can be obtained.

As discussed above, the e.spire Companies currently are operating in Chapter 11 but may soon be forced to convert to Chapter 7. If the e.spire Companies were forced to convert, the e.spire Companies could shut down and customers not already migrated to the Xspedius Companies could lose service. In order to avoid such an interruption of service—*which the e.spire Companies will endeavor to prevent*—the Petitioners respectfully request that the Commission grant all relief sought herein as quickly as practically possible. Grant of this Petition will serve the public interest by permitting uninterrupted service to existing e.spire customers.

As the Commission is acutely aware, the e.spire Companies are not alone in suffering recent financial hardship, which has plagued virtually the entire competitive carrier community. Recent bankruptcy filings by carriers, such as Teligent, Winstar, ICG, Covad, NorthPoint, Network Plus, and Net2000, coupled with numerous service discontinuance notifications/applications by countless other carriers, along with a general reduction in consumption of telecommunications services caused by unfavorable economic conditions, have eliminated a large number of new entrant competitors in the telecommunications market. Other new entrants have reported that negative economic factors have caused them to scale back the scope of their operations or cease offering new service entirely. In view of this, grant of this Petition will serve the public interest by enabling the Xspedius Companies to expand their operations in a cost-effective manner, thereby enhancing their competitive position and ability to provide high-quality services at more competitive rates to Florida consumers. The Xspedius Operating Entities represent a second generation of competitive local carriers in that they do not start the business with the significant debt load with which many new telecommunications entrants were burdened. By permitting the Xspedius Companies to strengthen their competitive

position and accelerate their entry to additional markets, the proposed transaction will preserve the existing customer base that has already chosen a competitive provider, while creating more robust competition for U.S. telecommunications customers, including customers in Florida.

The Petitioners emphasize that, following the transfer, the former customers of the e.spire Operating Entities will continue to receive services from experienced and qualified carriers, which will be consistent with the quality of services currently provided by the e.spire Operating Entities. Further, these customers have been, and will continue to be, sufficiently notified of the Transaction and their rights. Hence, the public interest will be served by permitting the Xspedius Operating Entities to take over the e.spire Operating Entities' customers.

In sum, grant of this Petition will serve the public interest by eliminating the threat of service interruption to existing e.spire customers and by furthering competition in the Florida telecommunications market, as a result of the strengthened competitive position of Xspedius. The Petitioners desire to complete the proposed transaction as quickly as possible to avoid any interruption of service or inconvenience to e.spire's customers. To that end, the Petitioners respectfully request that the Commission expedite the processing and approval of this Petition.

## **IX. CONCLUSION**

For the foregoing reasons, the Petitioners respectfully request that the Commission grant approval for the transfer of the e.spire Operating Entities' assets to the Xspedius Operating Entities, as well as the transfer of ACSI \_\_\_'s and ACSI Local's customers to Xspedius Jacksonville and Xspedius Switched, respectively. The Petitioners further request that the Commission likewise approve the transfer of ACSI Jacksonville's and ACSI Local's authorization(s) to Xspedius Jacksonville and Xspedius Switched; the adoption by Xspedius Jacksonville and Xspedius Switched of ACSI Jacksonville's and ACSI Local's existing tariffs;

and e.spire Operating Entities' request to abandon service once their customers have been fully transferred to the Xspedius Operating Entities. The Petitioners respectfully request that the authorizations sought in this Petition be granted on an expedited basis in order to avoid any interruption of service or inconvenience to e.spire's existing customers in Florida and to comply with the order of the Bankruptcy Court. Specifically, the Petitioners respectfully request that the Commission grant all relief requested herein on or before June 30, 2002.

Respectfully submitted,



\_\_\_\_\_  
Brad Mutschelknaus  
Enrico C. Soriano  
Leila M. Baheri  
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**Counsel for:**  
**ACSI Local Switched Services, Inc.**  
**American Communication Services**  
**Of Jacksonville, Inc.**  
**Xspedius Management Co. Switched**  
**Services, LLC**  
**Xspedius Management Co. of Jacksonville,**  
**LLC**

Dated: June 15, 2002

Parish  
County of Calcasieu )  
State of Louisiana )

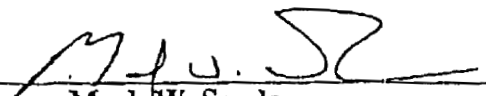
\_\_\_\_\_  
VERIFICATION OF  
MARK W. SENDA  
\_\_\_\_\_

I, Mark W. Senda, being duly sworn upon oath, do hereby depose and state as follows:

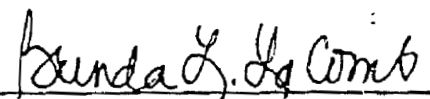
1. My name is Mark W. Senda. I am employed by Xspedius Management Co., LLC ("Xspedius") as Chief Executive Officer. My business address is Xspedius Management Co., LLC, P.O. Box 1116, O'Fallon, MO 63366-1116. I am authorized by Xspedius to make this Verification on its behalf.

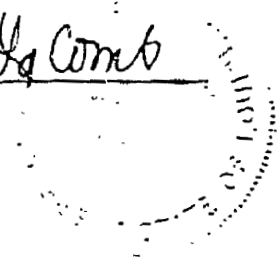
2. I declare that I have read the foregoing document and that the facts and any matters stated therein are true to the best of my knowledge, information, and belief.

FURTHER AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Mark W. Senda

SUBSCRIBED AND SWORN TO BEFORE ME this 14 day of June, 2002.

  
\_\_\_\_\_  
Notary Public



County of )  
State of )

**TO BE LATE FILED**

\_\_\_\_\_  
**VERIFICATION OF  
JAMES C. FALVEY**  
\_\_\_\_\_

**I, James C. Falvey**, being duly sworn upon oath, do hereby depose and state as follows:

1. My name is James C. Falvey. I am employed by e.spire Communications, Inc. (“e.spire”) as Senior Vice President – Regulatory Affairs. My business address is 7125 Gateway Drive, Suite 200, Columbia, MD 21046. I am authorized by e.spire to make this Verification on its behalf.

2. I declare that I have read the foregoing document and that the facts and any matters stated therein are true to the best of my knowledge, information, and belief.

FURTHER AFFIANT SAYETH NOT.

\_\_\_\_\_  
**James C. Falvey**

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

\_\_\_\_\_  
Notary Public



**EXHIBIT A**

**Notification Letter to Existing Customers**



**AN IMPORTANT NOTICE REGARDING YOUR  
TELECOMMUNICATIONS SERVICE FROM E.SPIRE AND XSPEDIUS**

June 7, 2002

Dear Valued Customer:

We want to thank you for your continued support of e.spire. We have provided you a quality telecommunications service and, together, we have built an excellent business relationship.

We are very excited to inform you that e.spire Communications, Inc. ("e.spire"), including its affiliates American Communications Services International, Inc. and various operating entities, is transferring virtually all of its local, long distance, international, data and Internet assets and services in the states of Alabama, Arizona, Arkansas, Colorado, District of Columbia, Florida, Georgia, Kansas, Kentucky, Louisiana, Maryland, Missouri, New Mexico, Nevada, Oklahoma, South Carolina, Tennessee, Texas and Virginia to Xspedius Management Co., LLC and its various operating entities ("Xspedius"). The anticipated date for the transfer of your service to Xspedius is **July 8, 2002**, or as soon thereafter as the necessary governmental approvals can be obtained. Upon completion of the transfer, Xspedius will provide your telecommunications and other services and e.spire will no longer be your local, long distance, international, data or Internet service provider.<sup>1</sup> As a customer of Xspedius, you will continue to receive all the features, terms and conditions of service, and current rates that you enjoy today through e.spire. Should there be any future changes in rates, terms and conditions of services, notice will be provided in writing or as otherwise permitted by law.

The combination of e.spire with Xspedius is a very positive change for you, our customer. Xspedius Management Company brings a seasoned management team and significant funding to the business. Xspedius has a fully funded business plan, with \$75 million in fresh capital and a virtually debt free balance sheet. The company will be led by Chairman Jim Allen

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<sup>1</sup> *The FCC will normally authorize e.spire's proposed discontinuance of service unless it is shown that customers would be unable to receive service or that the public convenience and necessity is otherwise adversely affected. If you wish to object, you should file your comments within 15 days after receipt of this notification. Address them to the Federal Communications Commission, Washington, DC 20554 referencing the §63.71 Application of e.spire Communications, Inc. Comments should include specific information about the impact of the proposed discontinuance upon you or your company, including any inability to acquire reasonable substitute service.*

and CEO Mark Senda, founders of Brooks Fiber and industry veterans of more than 20 years each. Xspedius management's combination of experience, financing, and vision will allow us to provide excellent service to customers and ensure financial stability.

It has been the pleasure of e.spire to provide you with quality telecommunications services. Unless you choose another carrier within thirty (30) days of the date of this letter, as is your right, you will automatically become an Xspedius customer upon completion of this transaction. You do not need to take any action, or pay any change charges, to be transferred to Xspedius. Of course, if you change providers, the terms and conditions of your e.spire contract will still apply, including any applicable termination liability or change charges.

If you have placed a "freeze" on e.spire's long distance services to prevent their unauthorized transfer to another carrier, the freeze will be lifted when your e.spire services are transferred. At your request, Xspedius would be glad to re-establish freeze protection for you after the transfer of your account to Xspedius.

e.spire has been and remains committed to providing excellent service to you. e.spire will continue to be your single point of contact to address any issues or complaints you may have with your service through the time of this transfer. Xspedius is committed to a smooth transition of your account – your current telephone number(s) and account will be migrated to Xspedius in a seamless manner. The only change you may notice is the name of your new service provider on your bill once the transition is complete.

Thank you for your cooperation and patience during this transition. We will continue to communicate with you as we make progress toward combining our companies into Xspedius. If you have any questions or concerns, please feel free to contact us at **Xspedius at 1-877-XMC(962)-1900** or contact **e.spire at 1-800-9-espire (937-7473)**. Xspedius looks forward to building a long term telecommunications relationship with you.

Randall P. Muench  
Executive Vice President Sales & Marketing  
e.spire Communications, Inc.

Mark W. Senda  
Chief Executive Officer  
Xspedius Management Co., LLC