

June 21, 2000

**VIA FACSIMILE AND FEDERAL EXPRESS**

Mr. Thomas E. Williams, III  
Division of Regulatory Oversight  
Florida Public Service Commission  
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RECEIVED

JUN 22 2000

Florida Public Service Commission  
Division of Regulatory Oversight

000773-TP

**Re: MGC Communications, Inc. d/b/a Mpower Communications Corp. -- Courtesy Letter Notification Regarding Holding Company Level Acquisition**

Dear Mr. Williams:

Further to our discussions, we submit this letter to notify the Commission of the intent of MGC Communications Inc. d/b/a Mpower Communications Corp. ("Mpower") to acquire ownership and control of BroadSpan Communications, Inc. d/b/a Primary Network Communications, Inc., a privately held Delaware corporation, and its affiliates (collectively, "Primary") via a holding company to holding company transaction.

Mpower is an alternative local exchange and interexchange provider within the state of Florida pursuant to its Certificate 5279(Company Code TX136) and Certificate 5752 (Company Code TJ169), respectively. Primary is an alternative local exchange and interexchange provider within the state of Florida pursuant to its Certificate 7445 (Company Code TX425) and Certificate 7376 (Company Code TJ348), respectively. MGC and Primary have agreed, pursuant to an Agreement and Plan of Merger dated April 17, 2000 (the "Merger Plan"), to allow MGC to acquire Primary. The corporate structures of MGC and Primary prior to the proposed merger are depicted on the attached **Exhibit A**.

Pursuant to the proposed Merger Plan, on or about June 23, 2000 or as soon thereafter as may be practicable (the "Effective Date"), MGC's wholly-owned subsidiary, Mpower Merger Sub, Inc., a Delaware corporation ("Mpower Sub"), will merge into Primary. As a result of this merger, Primary will be the surviving corporation. Each outstanding share of Mpower Sub's common stock (par value of \$.01 per share) will be converted into one share of the surviving corporation's common stock (par value of \$.01 per share). As of the Effective Date, each then current shareholder of Primary common stock and preferred stock (each stock with a par value of \$.001 per share) will receive the right to obtain 0.02022 shares of the common stock of MGC (par value \$.001 per share) for each share of the shareholder's Primary common stock or preferred stock, as the case may be.

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As of the date of this courtesy letter notification, MGC currently has 35,498,456 shares of its common stock that is issued and outstanding and 24,492,404 shares of common stock that have been authorized but have not yet been issued. As of the date of this courtesy letter notification, Primary currently has 63,600,815 shares of common stock and 3,156,765 shares of preferred stock that are issued and outstanding and 16,399,185 shares of its common stock that is authorized but have not yet been issued. MGC estimates that in acquiring Primary it will, on the Effective Date, issue approximately 1,350,000 shares of its authorized and unissued common stock to Primary's shareholders. As a result of MGC's acquisition of Primary, Primary will become a wholly-owned subsidiary of MGC. The corporate structure of MGC following its merger with Primary is depicted on the attached **Exhibit B**.

In addition to the issuance of its authorized but unissued common stock, MGC will also assume the existing indebtedness of Primary. As of the date of the Merger Plan, Primary's existing indebtedness consists of 12% senior subordinate notes with an aggregate balance of approximately \$60,000,000 and other various indebtedness in an aggregate amount of approximately \$6,000,000. Primary has also issued a 15% senior note in the original principal amount of \$10,000,000 that is payable to MGC (the "MGC Note"). Interest on the MGC Note accrues and must be repaid, along with the principal amount of the MGC Note, on the earlier to occur of (a) the one year anniversary of the MGC Note, (b) an acceleration of the MGC Note due to an event of default under the MGC Note, or (c) a transfer of control of Primary.

As the Commission has recognized in granting Certificates to both Primary and MGC have sufficient technical, financial, and managerial resources and the ability to provide the telecommunications services as fully described in their respective applications. The proposed MGC acquisition of Primary will be transparent to the existing customers of both MGC and Primary. Upon the closing of MGC's acquisition of Primary, (a) Primary personnel will still provide the telecommunications services pursuant to Primary's Certificates, (b) MGC personnel will still provide the telecommunications services pursuant to MGC's Certificates, (c) the physical assets of MGC and Primary that are necessary to provide their respective telecommunications services will be owned by MGC, but will continue to be used to serve Primary's customers, and (d) the telecommunications services provided by MGC and Primary will continue to be provided in accordance with MGC's and Primary's respective existing Florida tariffs without impairment of service to subscribers of those services. MGC does however reserve the right to amend its own tariffs and Primary's tariff should such amendments be in the best interests of each company, in accordance with Commission rules.



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The transfer of ownership and control from Primary to MGC is in the public interest, as it will enhance the efficiency of MGC to ensure further the provision of high quality, innovative telecommunications services to the company's prospective customer base.

Should you have any questions, please contact the undersigned.

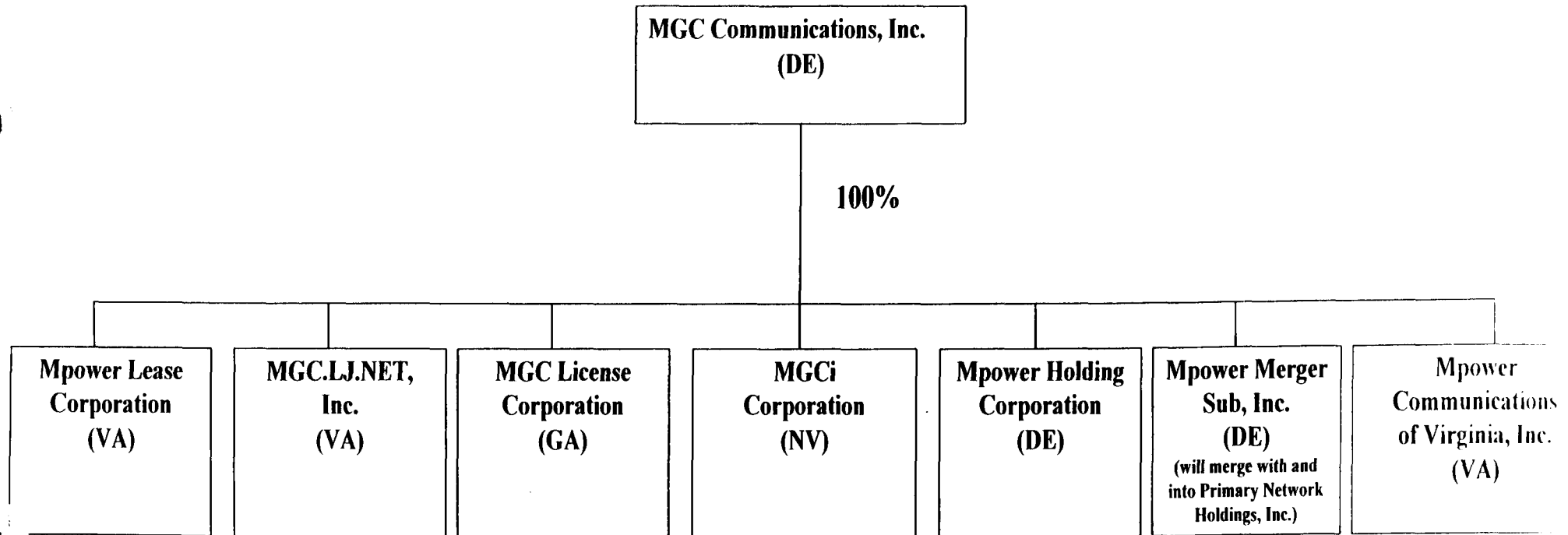
Sincerely,

Douglas G. Bonner  
Sana D. Coleman

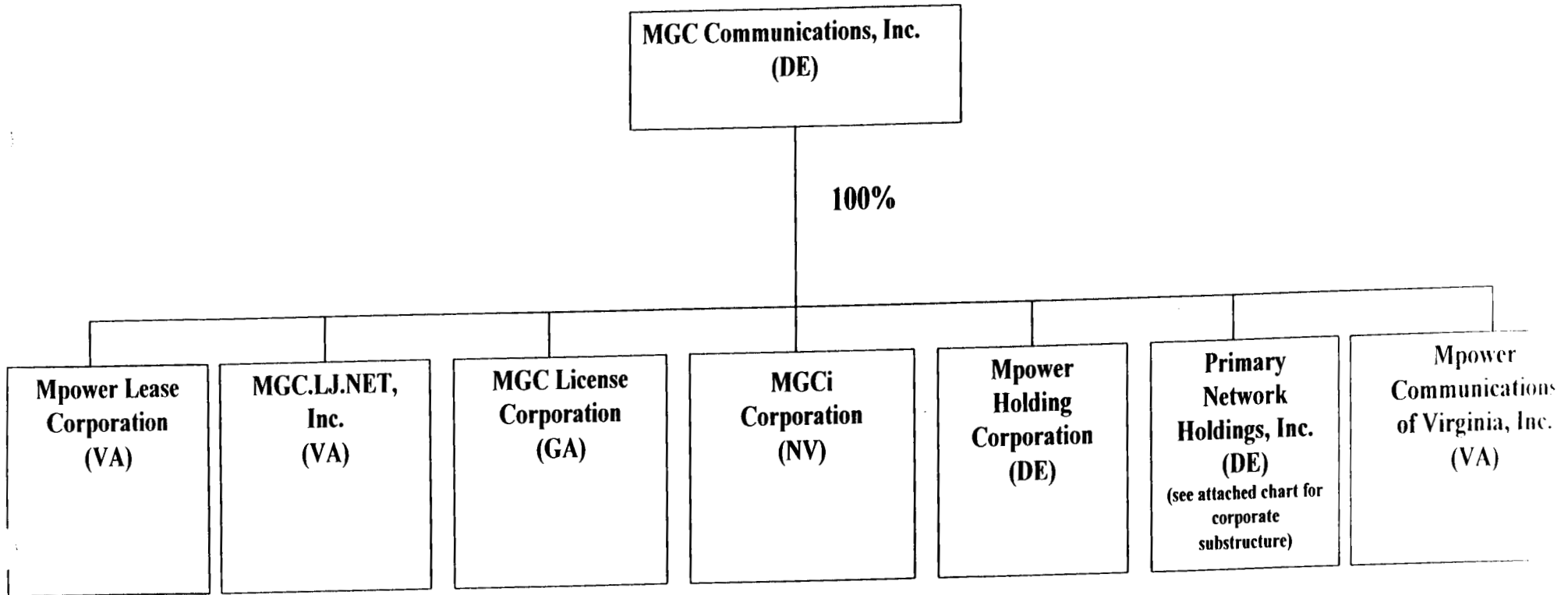
Counsel for MGC Communications, Inc.

**EXHIBIT A**

# Corporate Structure of MGC Pre-Merger



# Corporate Structure of MGC Post-Merger



**EXHIBIT B**

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# Corporate Structure

