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February 23, 2006

RECEIVED
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PUBLIC SERVICE COMMISSION

VIA UPS

Ms. Stephanie Bell
Secretary of the Commission
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: Informational Filing Regarding a Change in Ownership of an Authorized Telecommunications Provider in connection with a Merger

Informational Filing Regarding a Financing Transaction

Dear Ms. Bell:

CTC Communications Group, Inc. ("CTC"), CTC Communications Corp., ("CTC Communications") and Choice One Communications Inc. ("Choice One") (collectively, the "Parties") hereby respectfully notify the Kentucky Public Service Commission ("Commission") of a change of control of a telecommunications provider and a financing transaction.

As described more fully below, pursuant to the terms of an Agreement and Plan of Merger ("Merger Agreement") between CTC and Choice One, CTC will merge with and into Choice One (the "Merger"), with 50 percent of the outstanding capital stock of the surviving corporation ("Surviving Corporation") being be owned by Columbia Ventures Broadband, LLC ("CVB") and the remaining 50 percent of the outstanding capital stock of the Surviving Corporation being owned by the stockholders of Choice One at the time of closing (the "Transaction"). Thus, upon completion of the Transaction, Surviving Corporation, the name of which has yet to be determined, will be the new parent of CTC Communications in Kentucky. This change in ultimate control does not involve transfer of operating authority, assets, or customers. Immediately following the consummation of the Transaction, CTC Communications will continue to offer the same services at the same rates, terms, and conditions pursuant to existing authorizations and tariffs. Accordingly, the contemplated Transaction will be generally transparent to consumers. The only change will be that CTC Communications will be under control of Surviving Corporation.

In addition, the Parties hereby respectfully notify the Commission, to the extent it may be necessary[1] to provide their guarantee, serve as co-borrowers, or otherwise provide security in connection with financing of up to $925 million being arranged for various affiliated companies, including, but not limited to, Surviving Corporation (collectively, the "Borrowers").

In connection with this Notification, the Parties provide the following information:

THE PARTIES

CTC AND CTC COMMUNICATIONS

CTC is a Delaware corporation with headquarters at 220 Bear Hill Road, Waltham, Massachusetts 02451. CTC is a wholly owned subsidiary of CVB, which is, in turn, a wholly owned subsidiary of Columbia Ventures Corporation ("CVC"). CVB, a Washington state limited liability company, is a holding company. CVC, a Washington state corporation, owns and operates a portfolio of telecommunications companies and a small number of manufacturing businesses around the world. CVC is authorized to provide domestic interstate and international telecommunications services pursuant to Section 214 authorizations from the Federal Communications Commission, but neither CVC nor CVB provide telecommunications services. A U.S. citizen, Mr. Kenneth D. Peterson, Jr., holds 100 percent of the ownership interest in CVC. Mr. Peterson is Chairman of the Board of CTC and Chief Executive Officer, Chairman and Founder of CVC. He is also the sole manager of CVB. The address of CVB, CVC, and Mr. Peterson is 203 Park Plaza Drive, Suite 270, Vancouver, Washington 98684.

CTC Communications, a Massachusetts corporation, is a subsidiary of CTC. CTC Communications is a privately held company with a principal business office located at 220 Bear Hill Road, Waltham, Massachusetts 02451. CTC Communications provides telecommunications services to medium and large businesses predominantly in the Northeast and Mid-Atlantic regions.[2] Service offerings include local, long distance, and toll free telephony

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1 Although CTC Communications is notifying the Commission of its participation in this financing transaction, it is doing so without prejudice to its right to assert that this transaction is beyond the jurisdiction of the state commissions. *See, e.g., State ex rel. Utils. Comm'n v. S. Bell Tel. & Tel.*, 207 S.E.2d 772, *aff'd* 217 S.E.2d 543 (N.C. 1975).

2 CTC Communications is authorized to provide interexchange telecommunications services virtually nationwide and provides intrastate telecommunications services in Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York,

services; post-paid calling card services; conference calling; frame relay, private line, DSL, VPN, ATM; Internet access, webmail and converged services. Where possible, CTC Communications provides its services using its broadband, IP-based network known as the PowerPath® Network. The PowerPath® Network uses Cisco network infrastructure and a redundant fiber optic backbone (8,200 fiber miles). This network consists of ATM switches as well as transmission facilities that it obtains from other telecommunications carriers. In addition, CTC Communications operates a more traditional circuit switch-based network and provide service by reselling the local and interexchange telephony services of other telecommunications carriers. In Kentucky, CTC Communications is authorized to provide intrastate telecommunications services.[3] CTC Communications is also authorized by the Federal Communications Commission to provide both interstate and international telecommunications services.

CHOICE ONE

Choice One is a Delaware corporation with headquarters at 100 Chestnut Street, Suite 600, Rochester, New York 14604.[4] The Choice One Subsidiaries are common carriers that provide communications services to small and medium sized businesses in the Northeast and Midwest regions.

The Choice One Subsidiaries' service offerings include local and long distance telephony services; DSL; web hosting; search engine marketing; website solutions; dedicated bandwidth capacity; and Internet access services. The Choice One Subsidiaries provide their services using a broadband packet-based network that employs Lucent switching technology and an extensive fiber optic backbone. In addition, the Choice One Subsidiaries provide service by reselling the local and interexchange telephony services of other telecommunications carriers.

DESIGNATED CONTACTS

The designated contacts for questions concerning this Notification are:

Pennsylvania, New Jersey, Delaware, District of Columbia, West Virginia and Maryland. In Virginia, intrastate telecommunications services are provided by CTC Communications of Virginia, Inc.

3 *See* Utility ID No. 5144700.

4 Choice One is authorized to operate pursuant to authority held by its subsidiaries in Connecticut, Illinois, Indiana, Maine, Massachusetts, Michigan, New Hampshire, New York, Ohio, Pennsylvania, Rhode Island, and Wisconsin. These subsidiaries are collectively referred to as the "Choice One Subsidiaries."

FOR CTC AND CTC COMMUNICATIONS,	FOR CHOICE ONE
James P. Prenetta, Jr. Senior Vice President and General Counsel CTC Communications Corp. 220 Bear Hill Road Waltham, MA 02451 (781) 522-8773 (telephone) (781) 522-8711 (facsimile) James.Prenetta@ctcnet.com	Roger W. Byrd Senior Vice President and General Counsel Choice One Communications Inc. 100 Chestnut Street, Suite 600 Rochester, NY 14604 (585) 530-2708 (telephone) (585) 697-7805 (facsimile) RByrd@choiceonecom.com
With copy to: Joan M. Griffin Erin W. Emmott Kelley Drye & Warren LLP 1200 19th Street, N.W., Suite 500 Washington, DC 20036 (202) 955-9766 (telephone) (202) 955-9792 (facsimile) eemmott@kelleydrye.com	Cherie R. Kiser Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. 701 Pennsylvania Ave. NW, Suite 900 Washington, D.C. 20004 (202) 434-7300 (telephone) (202) 434-7400 (facsimile) ckiser@mintz.com

DESCRIPTION OF THE TRANSACTIONS

TRANSFER OF CONTROL TRANSACTION

Pursuant to the terms of the Merger Agreement and following the receipt of the necessary regulatory approvals, among other things, CTC will merge with and into Choice One, with the surviving corporation from the merger, Surviving Corporation, surviving. The new name of Surviving Corporation has yet to be determined. Post-Transaction, CTC Communications will be a subsidiary of Surviving Corporation. Diagrams showing the current and proposed corporate structure of the Parties are provided in **Exhibit A**.

After consummation of the Transaction, 50 percent of the outstanding capital stock of Surviving Corporation will be owned by CVB and the remaining 50 percent of the outstanding capital stock will be held by the stockholders of Choice One at the time of closing. Some time following the closing, CVB may obtain up to an additional 20 percent of the voting stock, on a fully diluted basis, of Surviving Corporation. As a result, CVB may obtain majority control of Surviving Corporation. In other words, CVB will hold between 50 percent and 70 percent of Surviving Corporation, and the stockholders of Choice One will hold between 30 percent and 50 percent of Surviving Corporation.[5] CVB is already the parent of CTC and CTC Communications, and, at some point after closing of the Transaction, may be the majority owner of Surviving Corporation. The Commission has already reviewed and passed on CVB's qualifications to be a parent of a telecommunications utility in connection with the original certification request of CTC Communications, which is incorporated herein by reference.[6] If CVB becomes the majority owner of Surviving Corporation, there will be no impact on the customers of CTC Communications.

The proposed Transaction, including the possible acquisition of additional voting stock of Surviving Corporation by CVB, will be transparent to customers in Kentucky. In particular, the Transaction will not result in a change of carrier for any customer.[7] Immediately after completion of the Transaction, CTC Communications will continue to offer the same services at the same rates, terms and conditions as at present and any further changes in the rates, terms and conditions of services will be made consistent with Commission requirements. The Transaction is not expected to result in any discontinuance of service for any customer of CTC Communications.[8]

FINANCING TRANSACTION

Borrowers propose to borrow up to $925 million through one or more financing arrangements with banks, other financial institutions, and/or other types of investors (the "Financing"). The exact amounts and terms of the financings, which may be completed in multiple tranches, will not be finalized until the specific arrangement(s) have been completed or shortly before funding of the various transactions and will reflect the market conditions then existing. Some of the terms, such as interest rate, may fluctuate during the term of the loans due

5 The additional percentage acquired may be less than 20 percent, but will not exceed 20 percent.

6 *See 5144700.* CVB has the necessary managerial, technical, and financial capabilities to gain majority control of Surviving Corporation.

7 In connection with the Transaction, CTC Communications may seek authority to utilize a d/b/a in Kentucky. If this is the case, upon receipt of the necessary documents from the Kentucky Secretary of State, the Commission will be notified of the use of the d/b/a in Kentucky. Any filing required in connection with the use of a d/b/a in Kentucky will be made at that time.

8 The Transaction does not raise slamming concerns, and does not otherwise necessitate compliance with the procedures prescribed by the Federal Communications Commission, *see* 47 C.F.R. § 64.1120(e), or by the Commission for notification of customers prior to a carrier-to-carrier sale or transfer of a carrier's subscriber base.

to changes in market conditions and the financial condition and/or the performance of the Borrowers. The terms of the financing arrangements are expected to be substantially as follows:

Lenders:	Due to the anticipated size of the borrowings, it is expected that the lenders will be a consortium of banks, financial institutions, private lending institutions, private individuals, and/or other institutions the composition of which may change over the life of the loan. However, other types of investors may be relied upon as well.
Amount:	Up to $925 million. Portions of the borrowed funds may be in the form of conventional credit facilities such as revolving credits (which can be reborrowed during the term of the commitment); letters of credit; the issuance of secured or unsecured notes or debentures to banks, other types of financial institutions, or other investors or term loans.
Maturity:	The maturity date, which is subject to negotiation, will depend on credit conditions, but is expected to be a range between three and ten years from the date of the initial borrowing. It is possible that some loans may be for a shorter or longer period. Principal payments will be made periodically in accordance with a prescribed schedule established for such borrowing. Repayment of principal could commence within twelve months of the borrowing, could commence several years from the date of the borrowing, or could be due in a "bullet payment" at maturity.
Security:	Relevant to this Notification, some and perhaps all of the loans to Borrowers are expected to be secured by a first ranking security interest in specified assets of CTC Communications, including a security interest in its stock, receivables, tangible personal property and equipment. In some cases, CTC Communications may provide a guarantee or serve as a co-borrower. The security documents will contain appropriate provisions indicating that the exercise of certain rights thereunder may be subject to obtaining prior regulatory approval.
Use of Proceeds:	Some of the proceeds may be used to repay existing indebtedness, including indebtedness incurred by Choice One and CTC prior to the date of the Transaction, for general corporate purposes, capital expenses, and working capital. Other proceeds may be used to fund the acquisition of other telecommunications companies and/or telecommunications assets.

PUBLIC INTEREST STATEMENT

The Parties respectfully submit that the Transaction serves the public interest. After consummation of the Transaction, CTC Communications will continue to offer service under the same name and operating authority at present in Kentucky. The Transaction involves no change in the entity offering service to customers, the facilities used to provide such service, or the services, rates, terms and conditions of such service. All existing tariffs will remain in place at this time. The Transaction will be transparent to consumers in Kentucky and will not have any adverse impact on them.

Further, the Transaction will serve the public interest because American consumers will benefit from the operation of an enhanced CTC Communications in Kentucky. The enhancement of CTC Communications will increase the scope of CTC Communications and should enable CTC Communications to compete more effectively in the highly competitive market for telecommunications services. The enhanced CTC Communications will be able to operate more efficiently and thus realize substantial financial synergies that should enable CTC Communications to increase its operating income and free cash flow. Given the difficulties with which the competitive telecommunications industry is now struggling, the enhancement of CTC Communications in Kentucky in this manner would benefit American consumers.

In addition, the Parties respectfully submit that the Financing described herein is also in the pubic interest. The Financing enhances the ability of CTC Communications to grow and compete in the highly competitive markets for telecommunications services in Kentucky and nationwide, particularly in the states in the Northeast, Mid-Atlantic and Mid-West regions. The Financing described herein is not expected to directly affect in any way the rates or services of CTC Communications or its affiliates. The Financing will provide CTC Communications with the financial resources needed to further grow and expand its business and to compete in today's highly competitive telecommunications environment.

Because CTC Communications is a non-dominant carrier, it is not subject to rate of return regulation and its capital structure should not be a matter of concern to the Commission. In addition, because of the highly competitive environment in which it operates, the rates charged customers are subject to market discipline and the services offered generally are available from numerous other carriers. As a result, the source of funds and capital structure of CTC Communications would have little effect on customers in Kentucky or elsewhere. In the unlikely event that the capital structure becomes too costly and rates rise, customers may simply migrate to other carriers with preferred rates. Thus, any adverse consequences from the financing decisions impact its stockholders, not its respective customers, and any favorable consequences benefit both its stockholders and consumers through higher profits, lower rates, and better services.

Moreover, because the public interest is best served by assuring the presence of multiple strong telecommunications competitors in Kentucky, it is important to provide such competitors with the flexibility to arrange financing in the manner most appropriate to carry on business so long as there is no adverse impact on the public. To deny such flexibility would discourage new competitors from entering the state and would encourage existing competitors in the state to seek a more favorable regulatory environment elsewhere, neither of which would enhance the public interest.

The Parties submit that no Commission approval is required for the Transaction and Financing described herein. An original and four (4) copies of this filing are enclosed. Enclosed please also find a duplicate copy of this filing and a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should the Commission have any questions, please contact Erin Emmott at (202) 955-9766.

Respectfully submitted,

CHOICE ONE COMMUNICATIONS INC.

Cherie R. Kiser/ewe

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Its Attorney

CTC COMMUNICATIONS GROUP, INC. AND CTC COMMUNICATIONS CORP.

Erin W Emmott

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Their Counsel

<u>**VERIFICATION**</u>

I, James P. Prenetta, Jr., am Vice President, Secretary and General Counsel of CTC Communications Group, Inc., and am authorized to represent it and its affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to CTC Communications Group, Inc., and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

James P. Prenetta, Jr.,
Vice President, Secretary and General Counsel
CTC Communications Group, Inc.

Subscribed and sworn to before me this 15th day of February 2006.

Notary Public

MEGAN JANE LOWE
Notary Public
Commonwealth of Massachusetts
My Commission Expires
October 16, 2009

My Commission expires: 10/16/09

VERIFICATION

I, Roger W. Byrd, am Senior Vice President and General Counsel of Choice One Communications Inc. and am authorized to represent it and its affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to Choice One Communications Inc., and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Roger W Byrd

Roger W. Byrd
Senior Vice President and General Counsel
Choice One Communications Inc.

Subscribed and sworn to before me this 20th day of February, 2006.

Adam Michael

Notary Public

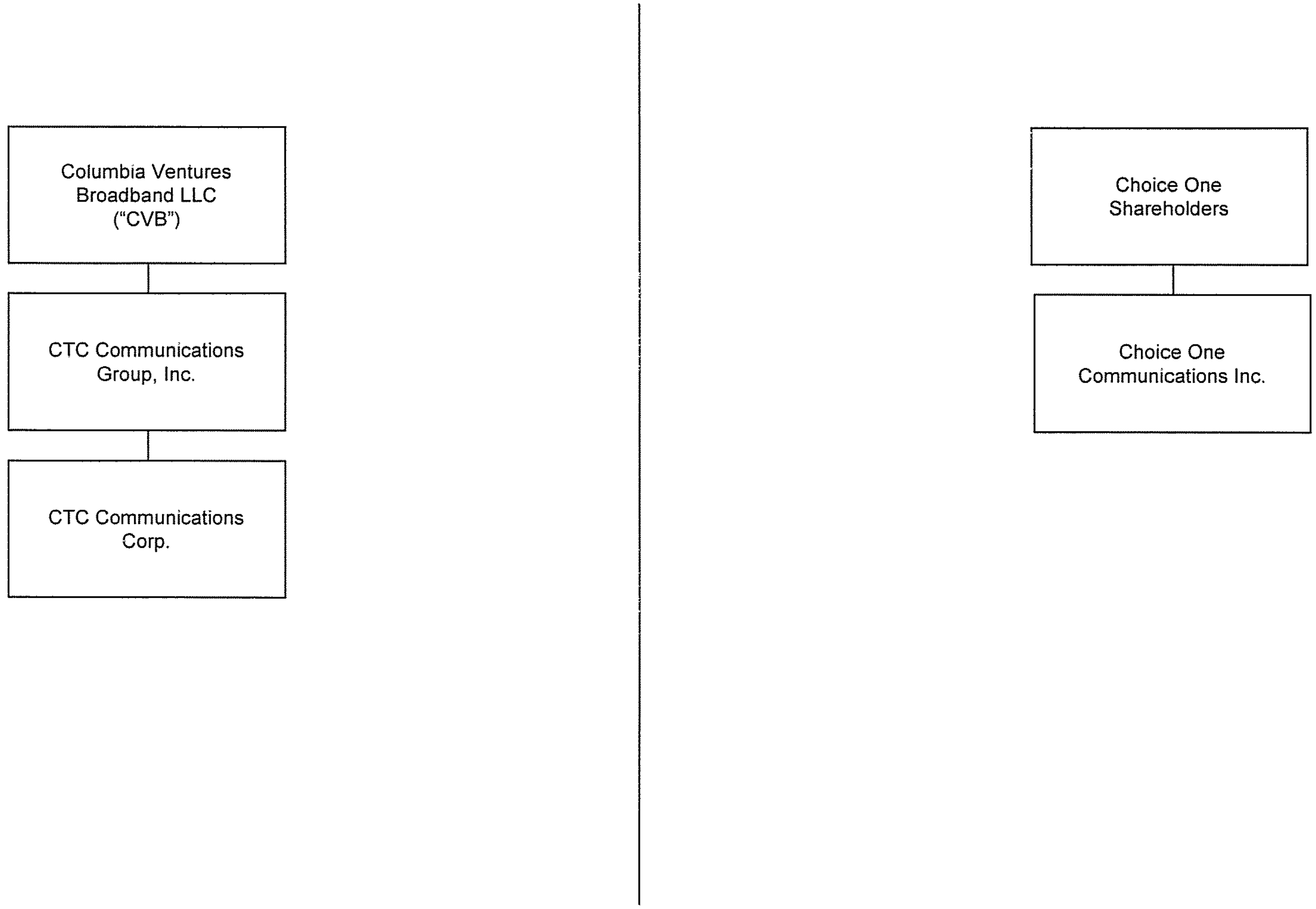
My Commission expires: August 4, 2007

Adam M. Michael
Notary Public, State of New York
No. 02MI16096749
Qualified in Monroe County

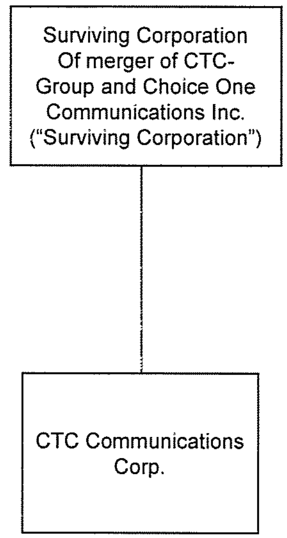
EXHIBIT A

CORPORATE STRUCTURE

Current Corporate Structure



Post Merger Corporate Structure



At Closing, the shares of the Surviving Corporation will be owned 50% by Columbia Ventures Broadband LLC and 50% by the existing Shareholders of Choice One at the time of the closing.