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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

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August 12, 2008

Via UPS Overnight

Mr. John Smith, General Counsel
South Dakota Public Utilities Commission
Capitol Building, 1st Floor
Pierre, South Dakota 57501

Re: *Informational Filing* of CTC Communications Corp. Regarding Its Intent
to Provide Security in Connection with Financing

Dear Mr. Smith:

The operating subsidiary of One Communications Corp. ("One") in South Dakota,¹ CTC Communications Corp. ("CTC" and together with One, the "Parties" or "Borrowers"), by its counsel, hereby respectfully advises the South Dakota Public Utilities Commission ("Commission") of its intent to provide its guarantee, serve as co-borrower, or otherwise provide security in connection with financing of up to \$2.0 billion being arranged for various affiliated companies, including but not limited to, One (the "Financing"). The Parties submit that the proposed Financing does not require prior Commission approval, and thus, this information is being provided for informational purposes only. In support of this notification, the Parties provide the following information:

The Parties. One is a Delaware corporation with headquarters at 220 Bear Hill Road, Waltham, Massachusetts 02451. One is a holding company for its various operating subsidiaries, which also have principal places of business located at 220 Bear Hill Road Waltham, Massachusetts 02451. One's operating subsidiaries are common carriers that provide communications services to small, medium and large size businesses predominantly in the Northeast, Mid-Atlantic, and Midwest regions (Connecticut, Delaware, District of Columbia,

¹ One and its operating subsidiary in South Dakota each use the d/b/a "One Communications."

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Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, and Wisconsin) as well as to a small number of residential customers in Connecticut, New York, and West Virginia. In South Dakota, CTC is authorized to provide intrastate telecommunications services.² Each of One's subsidiaries operates pursuant to One's international FCC authority and does business under the name "One Communications."

One's subsidiaries' service offerings include local, long distance, and toll free telephony services; post-paid calling card services; conference calling; frame relay, private line, DSL, VPN, and ATM services; web hosting; Internet access, webmail, and converged services. Where possible, One's subsidiaries provide their services using their own broadband, IP-based network consisting of Cisco network infrastructure and a redundant fiber optic backbone (10,000 fiber miles). The network also includes the use of packet switching technology as well as more traditional circuit switches. In addition, the One subsidiaries provide service by reselling the local and interexchange telephony services of other telecommunications carriers.

Description of the Transaction. The Borrowers propose to borrow up to \$2.0 billion through one or more financing arrangements with banks, other financial institutions, and/or other types of investors. 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 financings due 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 term of the financings. However, other types of investors may be relied upon as well.
- Amount:* Up to \$2.0 billion. 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 accredited investors.
- Maturity:* The maturity date, which is subject to negotiation, will depend on credit conditions, but is expected to be a range between five and ten years from

² CTC is registered to provide interexchange services as of February 23, 1999.

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the date of issuance. It is possible that some of the financing 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 filing, some and perhaps all of the borrowings could be secured by a first ranking security interest in specified assets of CTC, including a security interest in its stock, receivables, tangible personal property and equipment. In some cases, CTC may provide guarantees or serve as co-borrowers. Any associated security documents would contain appropriate provisions indicating that the exercise of certain rights thereunder would be subject to obtaining prior regulatory approval.

Use of Proceeds: Some of the proceeds may be used to repay existing indebtedness, 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 Considerations. The proposed Financing will serve the public interest by enhancing the ability of the Parties to grow and compete in the highly competitive markets for telecommunications services in South Dakota and nationwide. The Financing described herein is not expected directly to affect in any way the rates or services of the Applicants, or result in any change in control. The Financing will provide the Parties with the financial resources needed to further grow and expand their business and to compete in today's highly competitive telecommunications environment.

The Parties compete in South Dakota and other markets with numerous other interexchange carriers and enhanced service providers as well as the incumbent local exchange carrier and other competitive local exchange carriers. Because CTC is a non-dominant carrier, it is not subject to rate of return regulation and their capital structure should be immaterial to the Commission. In addition, because of the highly competitive environment in which they operate, the prices the companies charge their customers are subject to significant market discipline and the services offered generally are available from multiple other carriers. As a result, the source of funds and capital structure of CTC would have no appreciable effect on customers in South Dakota or elsewhere. In the unlikely event that their capital structure becomes too costly and prices rise, customers may simply migrate to other carriers with better pricing. Thus, any adverse consequences from the financing decisions impact the shareholders, not the customers, and any favorable consequences benefit both shareholders and consumers through higher profits, lower rates, and better services.

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Because the public interest is best served by ensuring the continued presence of numerous telecommunications competitors in South Dakota, the Commission should use its authority to enable competitors to arrange financing in the manner they deem most appropriate to carry on business so long as there is no adverse impact on the public. Lack of such flexibility will discourage new competitors from entering the state and could encourage existing competitors in the state to seek a more favorable regulatory environment elsewhere, to the detriment of South Dakota consumers.

As noted above, the Parties submit that no prior Commission approval is required for the Financing described herein. Should the Commission believe that any action is required, the Parties respectfully request that the Commission notify the undersigned at its earliest convenience. Enclosed please find an original and ten (10) copies of this filing, a duplicate copy 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 the undersigned at (202) 342-8552.

Respectfully submitted,

CTC Communications Corp.



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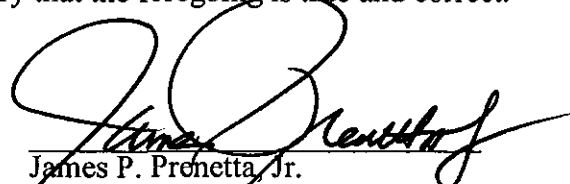
mconway@kelleydrye.com

Their Counsel

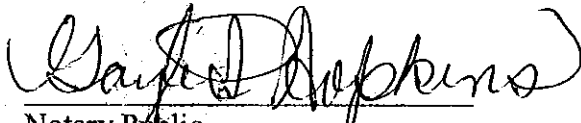
VERIFICATION

I, James P. Prenetta, Jr., am Executive Vice President, General Counsel and Secretary of One Communications Corp. 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 One Communications Corp. 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.
Executive Vice President, General
Counsel and Secretary
One Communications Corp.

Subscribed and sworn to before me this 14th day of August 2008.


Notary Public

My Commission expires: 5-9-2014

