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1 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP  
 A Limited Liability Partnership  
 2 Including Professional Corporations  
 MICHAEL H. AHRENS, Cal. Bar No. 44766  
 3 CRAIG STUPPI, Cal. Bar No. 51663  
 KIMBERLY S. FINEMAN, Cal Bar No. 184433  
 4 ORI KATZ, Cal. Bar No. 209561  
 Four Embarcadero Center, 17th Floor  
 5 San Francisco, California 94111  
 Telephone: (415) 434-9100  
 6 Facsimile: (415) 434-3947

7 Reorganization Counsel for  
 Debtors and Debtors-in-Possession

8 UNITED STATES BANKRUPTCY COURT  
 9 NORTHERN DISTRICT OF CALIFORNIA  
 10 SANTA ROSA DIVISION

12 In re:  
 13 ADVANCED TELCOM  
 GROUP, INC., a Delaware  
 14 Corporation

15 Debtor.

16 Federal Tax ID: 94-3344665

Jointly Administered for Procedural  
 Purposes Under:  
 Case No. 02-11073

Chapter 11

**DEBTORS' MOTION FOR ORDER  
 SHORTENING THE TIME FOR FILING  
 OF PROOFS OF CLAIM BY  
 GOVERNMENTAL UNITS**

17 In re:  
 18 ADVANCED TELCOM, INC.,  
 a Delaware Corporation

19 Debtor.

20 Federal Tax ID: 77-0489158

[No Hearing Required Unless Requested]

22 In re:  
 23 SHARED COMMUNICATIONS  
 SERVICES, INC.,  
 an Oregon Corporation

24 Debtor.

25 Federal Tax ID: 93-0914013

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1 **TO THE HONORABLE ALAN JAROSLOVSKY, THE UNITED STATES**  
2 **TRUSTEE, PARTIES ON THE LIMITED NOTICE SERVICE LIST AND**  
3 **GOVERNMENTAL UNITS:**

4 PLEASE TAKE NOTICE that Advanced TelCom Group, Inc., Advanced TelCom,  
5 Inc. and Shared Communications Services, Inc., debtors and debtors in possession in the  
6 above-captioned bankruptcy cases (collectively, the "Debtors"), hereby file their motion  
7 (the "Motion") for the entry of an order fixing the time for filing proofs of claim by  
8 governmental units in these chapter 11 bankruptcy cases.

9 PLEASE TAKE FURTHER NOTICE that Bankruptcy Local Rule 9014-1 of the  
10 United States Bankruptcy Court for the Northern District of California prescribes the  
11 procedures to be followed and that any objection to the requested relief, or a request for a  
12 hearing on the matter, must be filed and served upon the Debtors' counsel (at the address  
13 indicated on the caption of the Motion) within 20 days from the date of mailing of the  
14 notice.

15 PLEASE TAKE FURTHER NOTICE that a request for a hearing or objection must  
16 be accompanied by any declarations or memoranda of law the party objecting or  
17 requesting wishes to present in support of its position.

18 PLEASE TAKE FURTHER NOTICE that if there is not a timely objection to the  
19 requested relief or a request for hearing, the Court may enter an order granting the relief by  
20 default. The Debtors will give at least 10 days written notice of hearing to the objecting or  
21 requesting party, and to any trustee and the committee of unsecured creditors (the  
22 "Committee") in the event an objection or request for hearing is timely made.

23 The Motion is based upon the Motion, the Declaration of Gary Cuccio in support of  
24 the Motion (the "Cuccio Declaration"), all pleadings and other documents on file with the  
25 Court in this matter and such further evidence as may be admitted by the Court. In support  
26 of the Motion, the Debtors respectfully represent as follows:  
27  
28

1 The Debtors have filed the Motion in order that they may promptly file and seek  
2 approval of their plans of liquidation and accompanying disclosure statements. The  
3 uncertainty regarding the amount of liabilities owed by the Debtors to certain taxing  
4 authorities and other priority claimants has delayed the Debtors from formulating their  
5 plans of liquidation. The amount of the priority claims ultimately asserted against the  
6 Debtors is crucial to the Debtors' decisions in connection with their plans.

7 The Debtors will be unable to file meaningful plans until (1) all of the governmental  
8 units file proofs of claim or (2) the deadline for the filing of proofs of claim passes. While  
9 the last date to file proofs of claim for all creditors other than governmental units is  
10 September 5, 2002, the Debtors request that the Court enter an order setting September 30,  
11 2002 as the deadline for the filing of proofs of claim by governmental units.

12 I.

13 BACKGROUND

14 The Debtors commenced these cases on May 2, 2002 (the "Petition Date") by filing  
15 voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the  
16 "Bankruptcy Code"). The Debtors continue to operate their business and manage their  
17 affairs as debtors and debtors in possession pursuant to §§ 1107(a) and 1108 of the  
18 Bankruptcy Code.

19 Prior to the Petition Date, Debtors provided local telephone, Internet, and data  
20 services to small- and medium-sized business in medium-sized U.S. cities. Debtors  
21 operated in eight states—California, Connecticut, Nevada, Maryland, New York, Oregon,  
22 Virginia and Washington—and serviced approximately 35,000 customers.

23 In the three-month period following the Petition Date the Debtors closed three asset  
24 sales for different portions of their business, yielding cumulative sale proceeds of nearly \$3  
25 million. In addition, the Court has authorized the Debtors' sale of substantially all of their  
26 assets to General Electric Business Productivity Solutions, Inc. ("GEBPS"). The sale to  
27 GEBPS is projected to close in October of 2002.

28

1 As to the portions of the business that the Debtors did not make available for sale,  
2 the Debtors efficiently wound down their operations in accordance with the relevant state  
3 and federal regulatory requirements.

4 II.

5 DISCUSSION

6 Federal Rule of Bankruptcy Procedure 3003(c)(3) requires the bankruptcy court to  
7 fix the time within which a proof of claim may be filed. Fed. R. Bankr. P. 3003(c)(3); see  
8 also In re Prestige Limited Partnership-Concord, 234 F.3d 1108, 1118 (9<sup>th</sup> Cir. 2000).

9 The Court has set September 5, 2002 as the deadline for the filing of proofs of claim  
10 by all creditors (except governmental units), and October 28, 2002 as the deadline for the  
11 filing of proofs of claim by governmental units. The Debtors request that the Court  
12 shorten the deadline for the filing of proofs of claim by governmental units to September  
13 30, 2002.

14 The Debtors have reached a turning point in these chapter 11 cases. In order to  
15 expedite the plan process and achieve the best possible result for the Debtors' and their  
16 estates it is crucial that the Debtors move quickly and decisively towards plans of  
17 liquidation. The major impediment to the Debtors desired course of action is the  
18 uncertainty surrounding the personal property tax bills of certain governmental units. If  
19 early indications are a predictor of what lies ahead, the Debtors anticipate that many of  
20 their personal property tax bills will be grossly overstated because they are based on  
21 inaccurate assessments of the value of the Debtors' personal property. Indeed, the Debtors'  
22 estimate that in most instances their personal property tax bills should be reduced by  
23 approximately 90% in order to accurately reflect the value of the Debtors' personal  
24 property.

25 By setting September 30, 2002 as the deadline for the filing of proofs of claim by  
26 governmental units, the Court can expedite the process by which the Debtors assess and  
27 dispute their priority claims, and ultimately formulate plans of liquidation. The  
28 governmental units will not be prejudiced because they will have over 150 days from the

1 Petition Date to prepare and file their claims. The Debtors and their estates will benefit  
2 because shortly after the deadline passes the Debtors will object to claims as necessary and  
3 determine the proper course for development of plans.

4 The Debtors believe that the above course of action is in the best interests of their  
5 estates and all creditors, will lead to the prompt development of plans of liquidation and  
6 expedite the process for paying dividends to creditors.

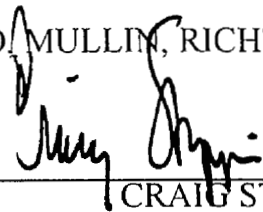
7 III.

8 CONCLUSION

9 The Debtors respectfully request that the Court establish September 30, 2002 as the  
10 deadline for the filing of proofs of claim by governmental units and grant such further  
11 relief as the Court deems appropriate.

12  
13 Dated: August 16, 2002

14 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

15  
16 By  \_\_\_\_\_  
17 CRAIG STUPPI

18 Reorganization Counsel for Debtors and  
19 Debtors-in-Possession

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10 UNITED STATES BANKRUPTCY COURT  
11 NORTHERN DISTRICT OF CALIFORNIA  
12 SANTA ROSA DIVISION  
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14 In re:  
15 ADVANCED TELCOM GROUP, INC.,  
a Delaware Corporation,  
16 Debtor.  
17 Federal Tax I.D. 94-3344665

) Jointly Administered for Procedural  
Purposes Under:  
Case No. 02-11073

) Chapter 11

) **DECLARATION OF GARY CUCCIO  
IN SUPPORT OF DEBTORS' MOTION  
FOR ORDER SHORTENING THE  
TIME FOR FILING OF PROOFS OF  
CLAIM BY GOVERNMENTAL UNITS**

18 In re:  
19 ADVANCED TELCOM, INC.,  
20 a Delaware Corporation,  
21 Debtor.  
22 Federal Tax I.D. 77-0489158

) [No Hearing Required Unless Requested]

23 In re:  
24 SHARED COMMUNICATIONS  
25 SERVICES, INC.,  
an Oregon Corporation,  
26 Debtor.  
27 Federal Tax I.D. 93-0914013  
28

1 I, Gary Cuccio, declare as follows:

2 1. I am the Chairman and the Designated Responsible Individual of Advanced  
3 TelCom Group, Inc., and its affiliates Advanced TelCom, Inc. and Shared  
4 Communications Services, Inc. (collectively, the "Debtors"). I make this declaration in  
5 that capacity.

6 2. I have personal knowledge of the statements set forth herein. If called upon to  
7 do so, I could and would testify competently to the matters set forth herein of my own  
8 personal knowledge.

9 3. This declaration is submitted in support of the *Debtors' Motion for Order*  
10 *Shortening the Time for Filing of Proofs of Claim by Governmental Units* (the "Motion").

11 4. On May 2, 2002 (the "Petition Date") the Debtors filed petitions for relief under  
12 chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors  
13 continue to operate their businesses and manage their affairs as debtors and debtors in  
14 possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. These cases are  
15 being jointly administered pursuant to an order of the Court.

16 5. Prior to the Petition Date, the Debtors provided local telephone, Internet, and  
17 data services to small-and medium-sized business in medium-sized U.S. cities. The  
18 Debtors operated in eight states—California, Connecticut, Nevada, Maryland, New York,  
19 Oregon, Virginia and Washington—and serviced approximately 35,000 customers.

20 6. In the three-month period following the Petition Date the Debtors closed three  
21 asset sales for different portions of their business, yielding cumulative sale proceeds of  
22 nearly \$3 million. In addition, the Court has authorized the Debtors' sale of substantially  
23 all of their assets to General Electric Business Productivity Solutions, Inc. ("GEBPS").  
24 The sale to GEBPS is projected to close in October of 2002.

25 7. As to the portions of the business that the Debtors did not make available for  
26 sale, the Debtors efficiently wound down their operations in accordance with the relevant  
27 state and federal regulatory requirements.

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