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July 16, 1999

**VIA OVERNIGHT DELIVERY**

Ms. Blanca Bayo  
Director of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

990936-TI

**Re: Notification Letter of Acquisition of Certain Assets  
of USN Communications, Inc. by CoreComm Newco, Inc.**

Dear Ms. Bayo:

CoreComm Newco, Inc. ("CoreComm Newco") and USN Communications, Inc. ("USNC") (collectively "the Parties"), by the undersigned counsel, hereby notify the Florida Public Service Commission ("Commission") of the acquisition by CoreComm Limited ("CoreComm"), CoreComm Newco's ultimate parent company, of certain assets of USNC's subsidiaries, including customer accounts, pursuant to an Asset Purchase Agreement dated February 19, 1999, between CoreComm and USNC. A description of the Parties and the transaction are provided below.

**Description of the Companies**

CoreComm Newco is certified to provide interexchange services in Florida and obtained its interexchange certificate on August 24, 1998.<sup>1/</sup> CoreComm Newco is an indirect, wholly owned subsidiary of CoreComm. CoreComm is a public company traded on the NASDAQ stock exchange under the symbol COMMF, with headquarters at 110 E. 59<sup>th</sup> St., New York, New York 10022.

<sup>1/</sup> Request for approval of transfer of control of OCOM Corporation d/b/a Cellular Long Distance (holder of Interexchange Telecommunications Certificate No. 4047) to CoreComm Newco, Inc., Notice of Proposed Agency Action, Order Approving Transfer of Control, Docket No. 980676-TI, Order No. PSC-98-1137-FOF-TI (Issued Aug. 24, 1998).

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Information concerning CoreComm Newco's legal, technical, managerial, and financial qualifications to provide telecommunications services was filed with this Commission in the proceeding regarding CoreComm Newco's application for authority to provide telecommunications services in the state. Thus, this information already is a matter of public record at the Commission and CoreComm Newco requests that it be incorporated by reference herein. To supplement that record, Exhibit A hereto contains CoreComm's most recent SEC Form 10-K, which demonstrates that CoreComm Newco has access to the financial resources to continue to provide USNC-LD's customer base with superior, reliable service, as well as to improve upon and expand that service.

CoreComm Newco is currently providing local and long distance, wireless, Internet and other services to both residential and business customers in Ohio. Through other wholly-owned subsidiaries, CoreComm is authorized to provide resold and facilities-based telecommunications services in numerous states, including: California, Illinois, Indiana, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Pennsylvania (interim), Rhode Island and Wisconsin. It also has applications pending to provide intra and interexchange services in a number of other states, and is authorized by the FCC to offer domestic interstate and international services nationwide as a non-dominant carrier.<sup>2/</sup>

USNC is a Delaware corporation, with principal offices located at 10 S. Riverside Plaza Chicago, Illinois 60606. USNC, through various operating subsidiaries, has been authorized to provide intrastate interexchange services in 48 states and to provide local telephone services in 19 states. USNC, through its operating subsidiary, USN Communications Long Distance, Inc. ("USNC-LD"), has obtained authority to provide intrastate interexchange telecommunications

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<sup>2/</sup> File No. ITC-98-338 (effective June 17, 1998), held in the name of CoreComm's operating subsidiary, CoreComm Newco, Inc.

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services in Florida.<sup>3/</sup> USNC also received approval from the FCC, through another subsidiary, to offer domestic interstate and international services nationwide as a non-dominant carrier.<sup>4/</sup>

### **Description of the Transaction**

On February 19, 1999, USNC and CoreComm executed an Asset Purchase Agreement ("Agreement") under which CoreComm agreed to acquire substantially all of USNC's assets, with the exception of the assets of USN Wireless, Inc. and its subsidiaries, free and clear of liens, claims, and other encumbrances except as expressly assumed in the Agreement. Included among those assets are the customer accounts of USNC's operating subsidiaries, including USNC-LD.

Concurrently with execution of the Agreement, USNC and twelve of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq.*, in the United States Bankruptcy Court for the District of Delaware. With their Chapter 11 petitions, USNC and the selling subsidiaries filed a motion for the Bankruptcy Court's approval of the sale of their assets and business as a going concern to CoreComm under the Agreement, as the best way to maximize creditor recoveries and preserve uninterrupted service to their customers. USNC also sought, and received, the Court's approval of debtor-in-possession financing on an interim basis to enable it to continue operations for a short period pending consummation of the sale. On April 2, 1999, the Bankruptcy Court approved USNC's motion for authorization of the proposed sale to CoreComm,<sup>5/</sup> and the transaction was consummated on May 26, 1999.

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<sup>3/</sup> Application for certificate to provide interexchange telecommunications service by United Telecom of America, Inc., Notice of Proposed Agency Action, Order Granting Certificate to Provide Interexchange Telecommunications Service, Docket No. 950922-TI, Order No. PSC-95-1457-FOF-TI (issued Nov. 28, 1995). United Telecom of America subsequently changed its name to USN Communications Long Distance, Inc. Request for name change on Interexchange Telecommunications Certificate No. 4094 from United Telecom of America, Inc. to USN Communications Long Distance, Inc., Docket No. 961313-TI, Order No. PSC-96-1561-FOF-TI (issued Dec. 23, 1996). Pursuant to the transaction described herein, CoreComm Newco will formally adopt USNC-LD's existing, approved Florida tariffs.

<sup>4/</sup> USNC holds two Section 214 authorities from the Federal Communications Commission: (1) File No. ITC-95-213 (effective April 24, 1995), initially held in the name USN Communications, Inc., which USN subsequently re-named USN Communications Midwest, Inc; and (2) File No. ITC-94-328 (effective July 16, 1994), initially held in the name United Telemanagement Services, Inc., which USNC subsequently re-named USN Communications Northeast, Inc.

<sup>5/</sup> In re USN Communications, Inc., Case No. 99-383 (PJW) (D. Del. Apr. 2, 1999).

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The transaction will not have an adverse impact on the manner in which USNC customers receive service. USNC-LD's customers have been informed of the sale of USNC's assets. This notification also informed USNC's customers that CoreComm Newco's first priority is to ensure that service remains uninterrupted, and that CoreComm Newco will continue to provide service to those customers at the same rates and on the same terms and conditions as those contained in USNC-LD's tariffs currently on file with the Commission.<sup>61</sup>

### **Public Interest Considerations**

CoreComm Newco respectfully submits that its acquisition of the assets of USNC serves the public interest in Florida. First, it ensures the continued provision of reliable, uninterrupted long-distance telecommunications services to residential and business customers in Florida. In addition, it expands customer choice and promotes the continued development of effective competition in the Florida telecommunications marketplace by accelerating the entry of a strong, experienced competitor committed to preserving and building upon USNC's existing customer base through the provision of advanced, high quality products and services, including, in particular, products and services directed to the often ignored residential market. This transaction has not and will not increase any rate or charge, or cause the withdrawal of any service, nor conflict with any other schedules or rules.

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<sup>61</sup> After a transition period, CoreComm Newco may choose to revise these tariffs to better serve its customers. CoreComm Newco will comply with all applicable regulations regarding any such revisions.

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**Conclusion**

Please date-stamp the enclosed extra copy of this letter and return it in the self-addressed, stamped envelope provided herein. Should you have any questions or comments regarding this transaction, please do not hesitate to contact the undersigned.

Sincerely,



Sara F. Seidman  
James J. Valentino  
MINTZ, LEVIN, COHN, FERRIS, GLOVSKY, &  
POPEO, PC  
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Suite 900  
Washington, DC 20004

Counsel for CoreComm Newco, Inc. and  
CoreComm Limited

cc: Christopher A. Holt, Esq.