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December 2, 1999

**VIA OVERNIGHT DELIVERY**

Blanca S. Bayó  
Director, Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0870

99000

Re: UtiliCom Networks Clay County, Docket Nos. 971057-TX and 980164-TX  
Notification of Proposed Indirect Transfer of Control or, in the alternative, Letter  
Application for Approval on an Expedited Basis of Proposed Indirect Transfer of  
Control

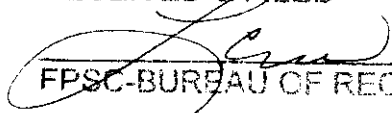
Dear Ms. Bayó:

UtiliCom Networks, Inc. ("UtiliCom") and its wholly and partially owned operating subsidiaries (collectively, "the UtiliCom Companies"), including UtiliCom Networks Clay County ("UCNCC"); SIGECOM, LLC ("SIGECOM"); and TOTALink of Indiana, LLC, TOTALink of Michigan, LLC, and TOTALink of Ohio, LLC, (collectively, "TOTALink") submit this letter to notify the Commission of a proposed series of equity financing transactions whereby affiliates of the Blackstone Group, L.P. (collectively, "Blackstone") will provide UtiliCom a total of approximately \$100 million in equity financing in exchange for a certain percentage of ownership in UtiliCom.

As described below, Blackstone ultimately will acquire control of UtiliCom through a transaction whereby UtiliCom will transfer portions of its equity ownership in a series of equity financings commencing on or about December 15, 1999. Following the conclusion of all of the financings, Blackstone will hold a total of approximately 63 percent of UtiliCom, and UCNCC, SIGECOM, and TOTALink will each be an indirect, partially owned subsidiary of Blackstone.

This letter is being submitted for informational purposes only. Accordingly, absent receipt of written notification to the contrary within seven (7) days, the Company will proceed on the understanding that no approval or other formal action with respect to the proposed transaction is

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required by the Commission.<sup>1/</sup> An original and seven (7) copies of this letter are enclosed. Please associate this letter with Order No. PSC-97-1387-FOF-TX in Docket No. 971057-TX and Order No. PSC-98-0644-FOF-TX in Docket No. 980164-TX. Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, postage prepaid envelope provided.

**I. THE PARTIES**

**A. UtiliCom Networks, Inc.**

UtiliCom is a privately held Delaware corporation whose principal offices are located in Franklin, Massachusetts. UtiliCom holds various ownership interests in UCNCC, SIGECOM, and TOTALink as described below.

**1. UtiliCom Networks Clay County, Inc.**

UCNCC is a wholly owned subsidiary of UtiliCom and the holder of Alternative Local Exchange Telecommunications (ALEC) Certificate No. 5276. That ALEC Certificate was originally issued by the Florida Public Service Commission to UCN - Clay, Limited Partnership d/b/a Access Communications - First Coast on October 31, 1997, under Order No. PSC-97-1387-FOF-TX in Docket No. 971057-TX. On May 7, 1998, under Order No. PSC-98-0644-FOF-TX in Docket No. 980164-TX, the Florida Public Service Commission authorized the transfer of the ALEC Certificate to UCNCC, which essentially changed the name and corporate structure of the ALEC.

**2. SIGECOM, LLC**

SIGECOM is an Indiana limited liability company owned 51% by UtiliCom and 49% by SIGECO Advanced Communications, Inc. ("SIGECO"), an Indiana corporation. The Indiana Utility Regulatory Commission ("IURC") issued to SIGECOM a Certificate of Territorial Authority to provide intrastate interexchange service on May 20, 1998 (CTA No. 9805-8). The IURC granted SIGECOM's Petition for a Certificate of Territorial Authority to provide facilities-based local exchange service on September 16, 1998 in Cause No. 41172. On November 19, 1999, SIGECOM

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<sup>1/</sup> As advised by Tom Williams of the Commission Staff, it is the understanding of the UtiliCom Companies that prior Commission approval is not required for the proposed transaction because this transaction will be occurring at the parent company level. However, in the alternative, if the Commission determines that approval is required, the UtiliCom Companies hereby request Commission approval of the transaction pursuant to Section 364.33 of the Florida Statutes, and ask that approval be granted as expeditiously as possible.

also received from the Federal Communications Commission a certificate to provide global facilities-based and global resale telecommunications service under Section 214 of the Communications Act of 1934 (FCC File No. ITC-214-19991026-00677, Public Notice, Rep. No. TEL -00162 (rel. Nov. 30, 1999, effective Nov. 19, 1999)).

**3. TOTALink of Indiana, LLC, TOTALink of Michigan, LLC, and TOTALink of Ohio, LLC**

The TOTALink Companies are three limited liability companies. TOTALink of Indiana, LLC is authorized by the IURC to resell wide area telephone service and/or interexchange service within the State of Indiana (CTA No. 9910-2 dated October 5, 1999). On October 12, 1999, TOTALink of Indiana, LLC applied for a Certificate of Territorial Authority to provide facilities-based and resold, switched and special access local exchange telecommunications services, including caller ID services, and facilities-based interexchange telecommunications services throughout the State of Indiana (IURC Cause No. 41562). That application is currently pending before the IURC.

On October 7, 1999, TOTALink of Michigan, LLC applied to the Michigan Public Service Commission ("MPSC") for a license to provide Basic Local Exchange Telecommunications Services in the State of Michigan. That application is currently pending before the MPSC in MPSC Case No. U-12155.

On October 18, 1999, TOTALink of Ohio, LLC applied to the Ohio Public Utilities Commission ("OPUC") for a Certificate of Public Convenience and Necessity to provide facilities-based and resold local exchange and interexchange telecommunications services within the State of Ohio. That application is currently pending before the OPUC in OPUC Case No. 99-1306-TP-ACE.

**B. The Blackstone Group**

The Blackstone Group, L.P. is a private investor based in New York City. For purposes of the equity financing proposed by UtiliCom, one particular Blackstone fund, Blackstone Capital Partners III Merchant Banking Fund, L.P., and its affiliates will be participating in the transaction.

**II. THE TRANSACTION**

UtiliCom and its operating subsidiaries, have determined that they will realize significant economic and marketing efficiencies by establishing UCNC, SIGECOM, and TOTALink as indirect wholly owned subsidiaries of Blackstone. The proposed transaction is structured as a series of equity financings between Blackstone and UtiliCom. The equity financings will consist of two

tranches in an aggregate amount of up to \$100 million. Separately, each tranche will total approximately \$50 million. At the closing, which is currently scheduled to take place on or about December 15, 1999, UtiliCom will make its initial draw down of approximately \$30 million from the first tranche in exchange for providing Blackstone approximately 7.5 million shares of convertible preferred stock. Essentially, this initial draw down will provide Blackstone approximately 34 percent ownership<sup>2/</sup> in UtiliCom. The remainder of first tranche will be drawn down over the course of approximately six months.<sup>3/</sup> When UtiliCom has drawn down the full \$50 million from the first tranche, Blackstone will have received approximately 12 million shares of convertible preferred stock, or approximately 54 percent ownership in UtiliCom.

The second tranche is contemplated sometime after the closing date. In this second tranche, UtiliCom will receive another draw down of \$50 million in exchange for providing Blackstone additional shares of convertible preferred stock. Once this transaction is fully effectuated, Blackstone will obtain a total of approximately 63 percent ownership in UtiliCom on a fully diluted basis.

Although the proposed transaction will transfer ownership and control of UtiliCom to Blackstone, it will not involve a change in the manner in which UCNCC, SIGECOM or TOTALink provides services to their customers in their respective states. Each will continue to provide high quality, affordable resold services to its subscribers pursuant to its certification with no change in the rates or terms and conditions of service currently enjoyed by its existing customers. As such, the transaction will not cause inconvenience or confusion to customers nor otherwise have a negative impact on the operations of UCNCC, SIGECOM or TOTALink. The transaction will be virtually transparent to those companies' customers in terms of the services that they receive.

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<sup>2/</sup> Based on our understanding of Section 364.33 of the Florida Statutes, this change of less than a majority ownership at the parent company level does not trigger the Commission's jurisdiction under Section 364.33 of the Florida Statutes, which relates to "the acquisition, transfer, or assignment of *majority* organizational control or controlling stock ownership." Accordingly, even assuming the Commission has jurisdiction over parent company transactions, prior approval from the Commission is not required to proceed with the closing of the transaction.

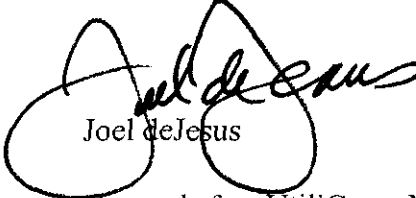
<sup>3/</sup> On or about the time of the closing and the first tranche will be a roll-up of SIGECO's interest in SIGECOM, under which most of SIGECO's direct interest in SIGECOM will be transferred to UtiliCom in exchange for convertible preferred stock in UtiliCom. Because this roll-up merely transfers a direct minority ownership interest in SIGECOM for an indirect minority ownership interest in that company, the roll-up will not change the fact that UtiliCom will remain the direct majority owner of SIGECOM. SIGECO's interest in UtiliCom will amount to approximately 19 percent upon completion of the entire transaction.

**III. PUBLIC INTEREST CONSIDERATIONS**

Consummation of the proposed transaction will serve the public interest in promoting competition among providers of intrastate telecommunications services by allowing UtiliCom and its various operating subsidiaries, including UCNCC, access to significant financial resources of Blackstone. The UtiliCom companies anticipate that the contemplated business transaction will result in a company better equipped to accelerate its growth as a competitive telecommunications service provider. The transaction will enhance significantly the UtiliCom companies' operational flexibility and efficiency, as well as its long term financial viability. These enhancements will directly benefit the customers, who will also benefit from the expanded array of services offered by the UtiliCom companies. The proposed transaction, therefore, will ensure the continued provision of high quality, affordable telecommunications services to existing customers and should promote competition in the telecommunications service market in each of the states in which the UtiliCom companies provide service.

Please do not hesitate to contact me if you have any questions regarding this transaction.

Respectfully submitted,



Joel de Jesus

Counsel for UtiliCom Networks, Inc.; UtiliCom Networks Clay County, Inc.; SIGECOM, LLC; TOTALink of Indiana, LLC; TOTALink of Michigan, LLC; and TOTALink of Ohio, LLC,

Enclosures

cc: Tom Williams (FL PSC)  
Brett P. Ferenchak, Esq.