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April 18, 2003

VIA OVERNIGHT DELIVERY

Blanca S. Bayo, Director  
Division of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

030351-TP

COMMISSION  
CLERK

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**Re: Letter Application For Approval of the Transfer of Control of Universal Access, Inc.**

Dear Ms. Bayo:

Universal Access, Inc. ("Universal Access") and CityNet Telecommunications, Inc. ("CityNet" and, together with Universal Access, the "Applicants"), pursuant to Florida Statutes Chapter 364.33, FL. STAT., and Rules 25-4.004 and 25-24.730 of the Rules of the Florida Public Service Commission ("Commission"), hereby provide an original and six (6) copies of their request for approval from the Commission to transfer indirect control of Universal Access to CityNet. Applicants respectfully request that this Application be granted expeditiously in order to permit Applicants to complete the transaction described herein as soon as possible.

**I. INTRODUCTION**

As described in more detail below, in the proposed transaction CityNet would acquire 55% of the outstanding common stock, on a fully diluted basis, of the parent company of Universal Access, Universal Access Global Holdings, Inc. ("UAXS.") There will be no change in the immediate ownership of Universal Access; no assignment of the certification granted to Universal Access by this Commission; and no change in the day-to-day operations of the certificated company. In addition, there will not be any change in the services offered to Universal Access's customers or the rates for Universal Access's regulated services. Although there will be a change in the indirect ultimate ownership of Universal Access, the transactions will be completely transparent to Universal Access's customers. Universal Access therefore requests approval of this transaction as being lawful and consistent with the public interest.

In support of this Application, Applicants submits the following information:

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

03618 APR 21 03

FPSC-COMMISSION CLERK

DISTRIBUTION CENTER

## **II. THE PARTIES**

### **A. Universal Access, Inc. (“Universal Access”)**

Universal Access is a telecommunications carrier authorized to provide telecommunications services by the Federal Communications Commission and the public utility commissions of 46 states and the District of Columbia. In Florida, Universal Access is certified to provide Alternative Local Exchange Services pursuant to the Commission’s Order No. PSC-99-2290-PAA-TX in Docket No. 991446-TX, dated November 23, 1999; and interexchange telecommunications service pursuant to the Commission’s Order No. PSC-99-2291-PAA-TI in Docket No. 991447-TX, also dated November 23, 1999.

Universal Access provides telecommunications carriers and Internet service providers with dedicated transport circuits to meet bandwidth demand and cross-connects the networks of various telecommunications carriers. Universal Access, a Delaware corporation, also provides private line and interconnection services.

Universal Access is a wholly-owned subsidiary of UAXS. UAXS is a publicly-traded Delaware corporation with principal offices in Chicago, Illinois. UAXS does not have any telecommunications regulatory licenses from this or any other telecommunications regulatory agency. Further information concerning Universal Access and its parent’s technical, managerial, and financial qualifications to provide telecommunications service in Florida was filed with its original application for authority to provide service. That information is, therefore, already a matter of public record at the Commission, and the Applicants respectfully requests that it be incorporated by reference herein.

### **B. CityNet Telecommunications, Inc. (“CityNet”)**

CityNet is a privately-held Delaware corporation headquartered in Silver Spring, Maryland. Since beginning operations in 2000, sixteen city governments across the U.S. and two in Europe have granted CityNet the right to build dark fiber networks and point-to-point dark fiber connections. These networks are typically constructed in the applicable city’s sewer systems and water mains.

In Florida, CityNet is certified to provide Alternative Local Exchange Services pursuant to the Commission’s Order No. PSC-01-2229-PAA-TX in Docket No. 010978-TX, dated November 15, 2001. Further information concerning CityNet’s technical, managerial, and financial qualifications to provide telecommunications service in Florida was filed with its original application for authority to provide service. That information is, therefore, already a matter of public record at the Commission, and the Applicants respectfully requests that it be incorporated by reference herein.

**C. Designated Contacts**

The designated contacts for questions concerning this Application are:

Russell M. Blau  
Harry N. Malone  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, NW, Suite 300  
Washington, D.C. 20007  
Tel.: (202) 424-7705  
Fax: (202) 424-7645

with a copy to:

Scott Fehlan  
General Counsel  
Universal Access Global Holdings Inc.  
223 S. Wacker Drive, Suite 600  
Chicago, Illinois 60606  
Tel.: (312) 660-5064  
Fax: (312) 660-1290

and

CityNet Telecommunications, Inc.  
8405 Colesville Road  
6th Floor  
Silver Spring, Maryland 20910  
Attention: Edward Frantz  
Tel.: (301) 608-4013  
Fax: (301) 608-8121

With a copy to:

McDermott, Will & Emery  
50 Rockefeller Plaza  
New York, NY 10020  
Attention: Mark Selinger  
Tel.: (212) 547-5400  
Fax: (212) 547-5444

### **III. REQUEST FOR APPROVAL OF TRANSFER OF CONTROL**

Universal Access requests Commission approval for the proposed transaction that will result in CityNet acquiring 55% ownership interest in UAXS. The transaction includes an acquisition of previously unissued shares of UAXS's common stock that will total 55% of the outstanding common stock on a fully-diluted basis (with any options and warrants having an exercise price in excess of \$1.00 being excluded from the calculation of "fully outstanding," subject to CityNet's right to receive compensating shares in the event that any of these options or warrants are subsequently exercised).<sup>1</sup>

The transaction will result in CityNet holding a controlling ownership interest in UAXS and, thus, indirectly, in Universal Access. Universal Access emphasizes that the transfer of control described herein will not involve a change in the name under which Universal Access currently operates nor any change in the manner in which Universal Access currently offers service in the State of Florida. Immediately following the proposed transaction, Universal Access will continue to offer the services it currently offers with no change in the rates, terms, or conditions of service. Thus, the transfer of control to CityNet will be transparent to Universal Access's customers in the State of Florida in regards to the service they receive. A chart showing this transaction is attached hereto as Exhibit A.

Universal Access respectfully requests Commission approval for the transfer of controlling interest in UAXS to CityNet as described above.

### **IV. PUBLIC INTEREST CONSIDERATIONS**

The proposed transaction will serve the public interest in promoting competition among telecommunications carriers by providing Universal Access with the opportunity to strengthen its competitive position by strengthening its balance sheet and gaining access to CityNet's business and managerial expertise. The enhanced liquidity provided by the transaction will significantly enhance Universal Access's operational flexibility and efficiency as well as its long-term financial viability. The proposed transaction will directly benefit Florida consumers by ensuring the continued provision of innovative, high-quality telecommunications services to the public and thereby promoting competition in the Florida telecommunications service market.

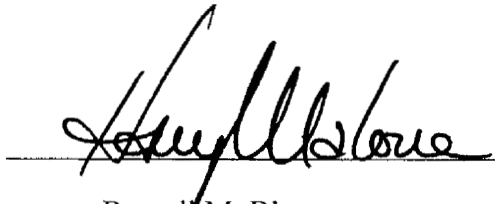
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<sup>1</sup> In addition to paying UAXS \$16 million, (a) CityNet will transfer to Universal Access ownership of certain fiber optic network assets located in Indianapolis, Indiana and Albuquerque, New Mexico and (b) Universal Access will assume a \$2 million debt obligation to a third party.

V. **CONCLUSION**

Wherefore, for the reasons stated herein, Applicants respectfully request that the Commission approve this Application to permit the proposed transfer of control as described herein.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell M. Blau", is written over a horizontal line.

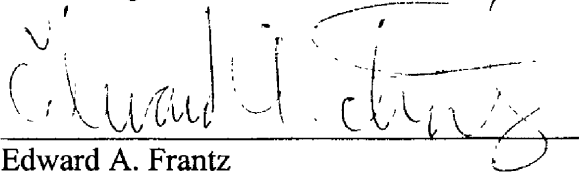
Russell M. Blau  
Harry N. Malone  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, NW, Suite 300  
Washington, D.C. 20007  
Tel.: (202) 424-7705  
Fax: (202) 424-7645

**VERIFICATION**

STATE OF MARYLAND :  
  :  
COUNTY OF MONTGOMERY :

ss.

I, Edward A. Frantz, declare under penalty of perjury that I am authorized to make this verification on behalf of CityNet Telecommunications, Inc., a party in the foregoing filing, that I have read the foregoing information and know the contents thereof, and that the contents of the foregoing filing are true and correct to the best of my knowledge, information, and belief.



Edward A. Frantz  
Senior Vice President & General Counsel  
CityNet Telecommunications, Inc.

Sworn and subscribed before me this 17th day of April 2003.



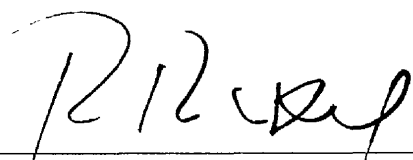
Signature of official administering oath

My commission expires: \_\_\_\_\_

**VERIFICATION**

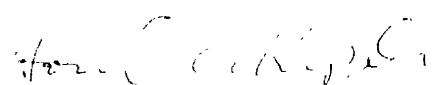
STATE OF ILLINOIS :  
: ss.  
COUNTY OF COOK :

I, Randall R. Lay, declare under penalty of perjury that I am authorized to make this verification on behalf of Universal Access Global Holdings Inc., the parent of Universal Access, Inc., a party in the foregoing filing, that I have read the foregoing information and know the contents thereof, and that the contents of the foregoing filing are true and correct to the best of my knowledge, information, and belief.



\_\_\_\_\_  
Randall R. Lay  
Chief Financial Officer  
Universal Access Global Holdings Inc.

Sworn and subscribed before me this 17<sup>th</sup> day of April 2003.



\_\_\_\_\_  
Signature of official administering oath

My commission expires: 4/23/05

