

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of USN)
Communications, Inc. and CoreComm) Case No. 99-236-TP-ATR
Newco, Inc. to Conduct a Transaction)
Between Utilities.)

FINDING AND ORDER

The Commission finds:

- (1) On March 1, 1999, as amended on March 3 and March 26, 1999, CoreComm Newco, Inc. (CoreComm) filed an application to purchase all of the Ohio assets of USN Communications, Inc.
- (2) The application reflects that, on February 19, 1999, CoreComm's indirect parent, CoreComm Limited (Ltd.), executed an Asset Purchase Agreement to acquire substantially all of the assets of USN Communications, Inc. (USNC). The purchased assets of USNC include the assets of USNC's operating subsidiaries certificated to provide telecommunication services in Ohio. CoreComm maintains that approval of the Asset Purchase Agreement is subject to approval of the United States Bankruptcy Court for the District of Delaware and a hearing to consider the matter is scheduled before the Bankruptcy Court on April 2, 1999. CoreComm states that, at the present time, USNC is operating pursuant to Chapter 11 of the United States Bankruptcy Code, under an interim order of the Bankruptcy Court, pursuant to debtor-in-possession financing enabling USNC to continue operations for a short period pending consummation of the sale to CoreComm Ltd. The application claims that approval of the sale of the assets and business as a going concern to CoreComm Ltd. is the best way to maximize creditor recoveries and preserve uninterrupted service to USNC customers, including the Ohio customers of USNC. The Asset Purchase Agreement reflects that Bankruptcy Court and all necessary regulatory approvals are a condition precedent to the closing of this transaction.
- (3) Once the sale of USNC's assets is approved and consummated, USNC's subsidiaries operating in Ohio will inform their customers that CoreComm has acquired the companies' assets and that CoreComm will continue to provide

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Technician Anna M. King Date Processed April 9, 1999

service to those customers on the same rates, terms, and conditions as those services are currently provided by USNC's Ohio subsidiaries. CoreComm claims that the purchase of USNC's assets, including the Ohio subsidiaries, will be accomplished in a fashion that will not adversely affect the nature or quality of services that are currently being received by USNC's Ohio customers. CoreComm also states that, in order to facilitate the proposed acquisition of USNC's Ohio customer accounts, CoreComm is planning to adopt USNC's existing Commission-approved tariffs. After their contracts have expired, USNC's customers will have the opportunity to migrate to CoreComm's service or to choose another provider for their telecommunication services. Tariff amendments to effectuate this proposal were filed with the application and revised on March 3 and March 26, 1999.

- (4) The information contained in the Commission's file in this proceeding reveals the following:
 - (a) USNC provides competitive telecommunication (CTS) and local telecommunication services in Ohio through its subsidiaries USN Communications Long Distance, Inc. (USN-LD) and USN Communications Midwest, Inc. (USN-MW), respectively. USN-LD and USN-MW are corporations licensed to do business in Ohio and are currently in good standing with the office of the Ohio Secretary of State. The businesses of USN-LD and USN-MW, currently provide CTS and local telecommunication services to thousands of residential and business customers in Ohio.
 - (b) On March 7, 1996, USN-LD initially obtained CTS authority in Ohio under the name United Telecom of America, Inc., in Case No. 96-112-CT-ACE. USN-LD took the name USN-LD on September 17, 1996. USN-LD holds certificate of public convenience and necessity number 90-5671..

- (c) USN-MW obtained local exchange operating authority on June 20, 1996, in Case No. 95-876-TP-ACE. USN-MW holds certificate of public convenience and necessity number 90-9012.
 - (d) USN-LD and USN-MW are subject to the jurisdiction of this Commission under the authority of Sections 4905.02, 4905.03(A)(2), 4905.04, and 4905.05, Revised Code.
 - (e) Under the proposed Asset Purchase Agreement, CoreComm will acquire substantially all of the Ohio assets of USNC's subsidiaries operating in Ohio.
 - (f) Service to the customers of USNC's Ohio subsidiaries will be provided by CoreComm subject to the same terms and conditions contained in the tariffs of USN-LD and USN-MW.
 - (g) Staff has reviewed CoreComm's proposed tariff revisions and finds them reasonable as amended.
- (5) Upon review of the pertinent filings in this matter, the Commission concludes that the application seeking consent and approval of the proposed transfer should be approved. Commission approval of the proposed transfer of assets is conditioned upon the parties working together to ensure the satisfaction of any bona fide service credits owed by USN to Ohio customers at the time of closing. As a result of the transaction, Certificate Nos. 90-9012 and 90-5671, authorizing USN-MW and USN-LD to provide local and competitive telecommunications services should be canceled and this case should be closed of record. We also find that CoreComm's proposed tariff revisions do not appear unjust or unreasonable and should be approved. Therefore, CoreComm should file in final form three copies of its revised tariff sheets, under one cover letter which references this case and the docket number of CoreComm's tariff, reflecting the adoption of the tariffs of USN-MW and USN-LD to provide local and CTS in Ohio. The tariff sheets shall

be effective upon filing three copies with the Commission's Docketing Division.

It is, therefore,

ORDERED, That the Commission grants CoreComm's application in this case and CoreComm's proposed tariff revisions as filed and amended are approved. It is, further,

ORDERED, That nothing in this finding and order shall be binding on the Commission in any subsequent investigation involving the justness or reasonableness of any rate, charge, rule, or regulation. It is, further,

ORDERED, That CoreComm is authorized to file in final form three copies of its revised tariff sheets under one cover letter which references this case and the docket number of its tariff. The tariff sheets shall be effective upon filing. It is, further,

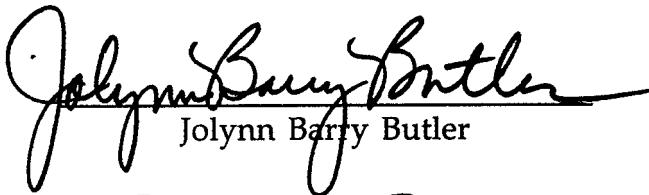
ORDERED, That Certificate Nos. 90-9012 and 90-5671 are canceled and that Case No. 99-236-TP-ATR is closed of record. It is, further,

ORDERED, That copies of this finding and order be served upon all interested persons of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



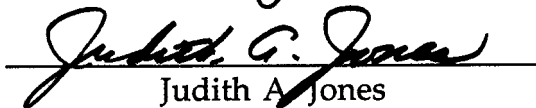
Craig A. Glazer, Chairman



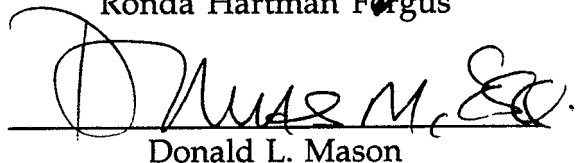
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Gary E. Vigorito
Secretary

CASE NUMBER 99-236-TP-ATR
CASE DESCRIPTION USN COMMUNICATIONS/CORECOMM NEWCO
DOCUMENT SIGNED ON April 8, 1999
DATE OF SERVICE April 9, 1999

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