

VSNL - NE

Categories of Services for 214 Applications
(Streamline/Non-streamline)

- ASSIGNMENT OF LICENSE
- GLOBAL FACILITIES-BASED SERVICE
- GLOBAL FACILITIES-BASED/GLOBAL RESALE SERVICE
- GLOBAL RESALE SERVICE
- INDIVIDUAL FACILITIES-BASED SERVICE
- INTERCONNECTED PRIVATE LINE RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE/LIMITED
GLOBAL RESALE SERVICE
- LIMITED GLOBAL FACILITIES-BASED SERVICE
- LIMITED GLOBAL RESALE SERVICE
- INMARSAT AND MOBILE SATELLITE SERVICE
- SWITCHED RESALE SERVICE
- TRANSFER OF CONTROL
- SUBMARINE CABLE LANDING LICENSE
- INTERNATIONAL SPECIAL PROJECT

Description of Application: _____

Furthermore, as described below and in the request for Special Temporary Authority ("STA Request") associated with this application, Applicants respectfully request **expedited** action regarding this application. CoreComm Newco's ultimate parent company, CoreComm Limited ("CoreComm Ltd."), has executed an agreement to purchase substantially all of the assets of the Proposed Assignors' parent company, USN Communications, Inc. ("USNC"), under the supervision of the U.S. Bankruptcy Court, which has scheduled a hearing for April 2, 1999 to consider the proposed sale. Expedited action regarding this Application will allow CoreComm Newco to provide continuous service to the Proposed Assignors' existing customer base and will afford the Bankruptcy Court greater comfort that approval of the proposed sale will benefit USNC's creditors and customers.

As discussed more fully below, USNC-MW's Section 214 authorization initially was obtained in the name of USN Communications, Inc., and USNC-NE's Section 214 authorization initially was obtained in the name of United Telemanagement Services, Inc. CoreComm Ltd., through its wholly-owned subsidiary, CoreComm Newco is a competitive provider of integrated telecommunications services to business and residential customers in the United States.

CoreComm Newco currently provides international telecommunications services pursuant to Section 214 authorization granted by this Commission. Neither CoreComm Newco nor any of its affiliates or subsidiaries currently is affiliated with the USNC entities or any of their affiliates or subsidiaries.

As described herein, grant of the requested assignment of the USNC Section 214 licenses will permit the customers of those entities to be served by CoreComm Newco, a strong and innovative competitor. Accordingly, grant of this Application is in the public interest.

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

I. THE PARTIES

A. CoreComm Newco

CoreComm Newco is a Delaware corporation and an indirect, wholly-owned subsidiary of CoreComm Ltd. CoreComm Ltd. is a public company traded on the NASDAQ stock exchange under the symbol COMMF, with headquarters at 110 E. 59th St., New York, New York 10022.

CoreComm Newco is currently authorized to offer international services pursuant to Section 214 authorization granted by this Commission.³ As evidenced by the information submitted with

CoreComm Newco's application for Section 214 authorization, which the Commission approved, CoreComm Newco is well-qualified to serve the existing customer base of the USNC entities. CoreComm Newco's existing global Section 214 authorization entitles it to: (1) resell the international services of authorized U.S. common carriers for the provision of international basic switched, private line, data, television, and business services to all international points subject to the terms and conditions of Section 63.18(e)(2) of the Commission's rules; and (2) to operate as a facilities-based carrier subject to the terms and conditions of Section 63.18(e)(1).

CoreComm Newco is considered a non-dominant carrier under the Commission's rules.

Following consummation of the proposed transaction, CoreComm Newco will continue to be qualified to operate as an authorized non-dominant international carrier.

³ File No. ITC-98-338 (effective June 17, 1998).

B. USNC, USNC-MW and USN-NE

USNC is a Delaware corporation with principal offices located at 10 South Riverside Plaza Chicago, IL 60606. USNC, through various operating subsidiaries, is authorized to provide intrastate interexchange services in 48 states and to provide local telephone services in 18 states.⁴ Additionally, USNC is authorized through the Proposed Transferors to offer international services pursuant to Section 214 authorizations granted by this 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. ("USNC-MW"); and (2) File No. ITC-94-328 (effective July 16, 1994), initially held in the name United Telemanagement Services, Inc. ("UTS"), which USNC subsequently re-named USN Communications Northeast, Inc. ("USNC-NE").

II. REQUEST FOR AUTHORITY TO ASSIGN THE PROPOSED ASSIGNORS' 214 LICENSES TO CORECOMM NEWCO

On February 19, 1999, CoreComm Newco's indirect parent company, CoreComm Ltd., executed an Asset Purchase Agreement (the "Agreement") to acquire substantially all of the assets of USNC. In connection with that transaction, the Proposed Assignors propose to assign the USNC 214 licenses to CoreComm Newco to enable CoreComm Newco to serve the existing customer base of the USNC entities currently served under those Section 214 authorizations.

Concurrent with the parties' execution of the Agreement, USNC and twelve of its subsidiaries, including USNC-MW and USNC-NE, filed voluntary petitions under Chapter 11 of

⁴ USNC's operating subsidiaries include, among others, USN Communications Midwest, Inc., USN Communications Northeast, Inc., USN Communications West, Inc., USN Communications Atlantic, Inc., USN Communications Southwest, Inc. and USN Communications Maine, Inc.

the United States Bankruptcy Code, 11 U.S.C. § 101, *et. seq.* in the U.S. Bankruptcy Court for the District of Delaware. Simultaneously, USNC and the selling subsidiaries filed a motion seeking the Bankruptcy Court's approval of the sale of their assets and business as a going concern to CoreComm Ltd. under the Agreement, as the best way to maximize creditor recoveries and preserve uninterrupted service to customers. The Bankruptcy Court has scheduled a hearing for April 2, 1999, to consider USNC's motion for authorization of the proposed sale to CoreComm Ltd. Subject to required regulatory approvals, the bankruptcy process is expected to be concluded by April 2, 1999.

As described in the Applicants' request for special temporary authority, expedited action regarding this Application will serve the public interest in several respects. *First*, in combination with grant of the request for special temporary authority, expeditious action will enable CoreComm Newco's immediate and continued servicing of USNC's customer accounts upon consummation of the sale following approval of the Bankruptcy Court. This will ensure the continued provision of reliable, uninterrupted service to thousands of residential and business customers during any interim period. *Second*, expeditious action will facilitate the bankruptcy process by affording the Court greater comfort that approval of the proposed sale will benefit USNC's creditors and existing customers. *Finally*, and perhaps most obviously, expeditious approval of the proposed amended Application will promote the continued development of effective competition in the telecommunications market by allowing the existing customer base of the Proposed Assignors to be served by a strong, experienced competitor committed to preserving and building upon USNC's existing customer base and expanding consumer choice through the provision of advanced, high quality products and services.

IV. INFORMATION REQUIRED BY SECTION 63.18

Pursuant to Section 63.18(e)(5) of the Commission's Rules, 47 C.F.R. § 63.18(e)(5), Applicants submit the following information:

(a) Name and address of Applicants:

Proposed Assignee:

CoreComm Newco, Inc.
110 East 59th Street
New York, New York 10022.
Telephone: 212/906-8485
Facsimile: 212/906-8497

Proposed Assignors:

USN Communications Midwest, Inc.
10 South Riverside Plaza
Chicago, Illinois 60606
Telephone: 312/906-3600
Facsimile: 312/474-0814

USN Communications Northeast, Inc.
10 South Riverside Plaza
Chicago, Illinois 60606
Telephone: 312/906-3600
Facsimile: 312/474-0814

(b) CoreComm Newco is a company organized under the laws of Delaware. Both ~~USNC~~ entities are organized under the laws of Delaware. CoreComm Ltd. and USNC have executed an Agreement under which CoreComm Ltd. will purchase substantially all of USNC's assets. In connection with this transaction, the Proposed Assignees propose to assign the USNC Section 214 licenses to CoreComm Newco. Following consummation of the transaction, CoreComm Newco will service the customer accounts currently served by the USNC entities under those entities' Section 214 authorizations.

- (c) Correspondence concerning this Application should be sent to:

Eric J. Branfman, Esq.
Lawrence A. Walke, Esq.
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
202/424-7500 (Tel)
202/424-7645 (Fax)

with copies to:

Christopher A. Holt
Assistant General Counsel
CoreComm Limited
110 E. 59th St.
New York, New York 10022
Telephone: (212) 906-8485
Facsimile: (212) 906-8497

and

Ellen Craig
Vice President of Regulatory Affairs
USN Communications, Inc.
10 South Riverside Plaza
Chicago, IL 60606.
Telephone: 312/906-3600
Facsimile: 312/474-0814

- (d) The two Section 214 licenses held by the USNC entities are as follows: (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. ("USN-MW"); and (2) File No. ITC-94-328 (effective July 16, 1994), initially held in the name United Telemanagement Services, Inc., which USN subsequently re-named USN Communications Northeast, Inc. ("USN-NE"). Under both authorities, USN is authorized to provide international switched services by reselling the international switched services of other carriers, pursuant to 47 C.F.R. § 63.18(e)(2).

CoreComm Newco, Inc. is authorized to operate as both a facilities-based and resale carrier in accordance with 47 C.F.R. § 63.18(e)(1) and (e)(2). See File No. ITC-98-338 (effective June 17, 1998). CoreComm received authorization to (1)

resell the international services of authorized U.S. common carriers for the provision of international basic switched, private line, data, television, and business services to all international points subject to the terms and conditions of Section 63.18(e)(2) of the Commission's rules and (2) to operate as a facilities-based carrier subject to the terms and conditions of Section 63.18(e)(1).

(e)(5) This application seeks authority for the USNC 214 Licenses to be assigned to CoreComm Newco, pursuant to Section 63.18(e)(5) of the Commission's Rules. Under the relevant transaction, CoreComm Newco's ultimate parent company, CoreComm Ltd., is in the process of acquiring substantially all of the assets of USNC, the parent company of USNC-MW and USNC-NE. Following consummation of the transaction, CoreComm Newco will provide service to the existing customers currently served by the USNC entities under those entities' Section 214 Licenses. As described above, CoreComm Newco, Inc.'s Section 214 authorization already exceeds the scope of the authorizations at issue in this Application.

(f) Not applicable.

(g) Not applicable.

(h) CoreComm Newco is not a foreign carrier and is not affiliated with any foreign carrier.

Ronald Baron, Baron Capital Group, Inc., Baron Capital Management Inc., BAMCO, Inc., and the Baron Asset Fund collectively hold shares that constitute approximately 18.1% of the outstanding stock of CoreComm Ltd. The address for these companies is 767 Fifth Avenue, 24th Floor, New York, New York 10153. Snyder Capital Management, L.P., 350 California Street, Suite 1460, San Francisco, California 94104, owns approximately 15% of CoreComm's outstanding stock. No other shareholders own or vote more than 10% of CoreComm Ltd.'s outstanding stock.

CoreComm Newco and CoreComm Ltd. share officers and directors with another publicly traded Delaware corporation, NTL Incorporated ("NTL"). Subsidiaries of NTL are foreign carriers in the United Kingdom of Great Britain competing with the dominant carrier in that country. The United Kingdom is a member of the World Trade Organization. NTL does not have the ability to discriminate against unaffiliated U.S. international carriers through control of bottleneck services or facilities in Great Britain. A subsidiary of NTL, NTL (UK) Group, Inc., is authorized to provide international resale and facilities-based telecommunications services. See Files No. ITC-98-161 and ITC-98-163.

- (i) Applicants certify that they have not agreed and will not agree in the future to accept special concessions, as defined in Section 63.14(b) of the Commission's Rules, directly or indirectly from any foreign carrier, as defined in Section 63.18(h)(1)(ii) of the Commission's Rules, with respect to any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market, and will not enter into such agreements in the future.
- (j) CoreComm Newco certifies that no party to this application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.
- (k) Applicants request streamlined processing of this application because Applicants do not have an affiliation within the meaning of Section 63.18(h)(1)(i) with any foreign carriers or any dominant U.S. carriers.

CONCLUSION

For the reasons stated herein, CoreComm Newco, USN Communications Midwest, Inc., and USN Communications Northeast, Inc. respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this application for authority to assign the Section 214 licenses of USNC-MW and USNC-NE to CoreComm Newco. Applicants respectfully request that the Commission authorize the proposed assignments described herein to permit the Applicants to consummate the underlying transaction on an expedited basis.

Respectfully submitted,



Eric J. Branfman, Esq.
Lawrence A. Walke, Esq.
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Telephone: 202/424-7500

Counsel for CoreComm Newco

Dated: April 2, 1999

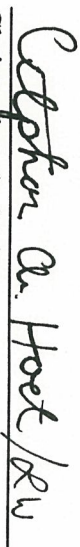
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CERTIFICATION OF TRANSFEREE

I, Christopher A. Holt, Assistant General Counsel of CoreComm Newco, Inc., hereby certify that CoreComm Newco, Inc. is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

Further, I hereby certify that the statements in the foregoing Application are true, complete, and correct to the best of my knowledge, information, and belief.

CoreComm Newco, Inc.

A handwritten signature in cursive script, appearing to read "Christopher A. Holt", written over a horizontal line.

Christopher A. Holt
Assistant General Counsel

April 2, 1999