

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

1. REPORT DATE: April 12, 2005	2. BUREAU AGENDA NO. APR-2005-FUS-1322*
3. BUREAU: Fixed Utility Services	
4. SECTION(S): Finance/Tariff	5. PUBLIC MEETING DATE:
6. APPROVED BY: Director: R. A. Rosenthal <i>RA</i> Mgr/Spvr: R. F. Wilson <i>BW</i> Legal Review: <i>AA</i>	April 21, 2005
7. PERSONS IN CHARGE: Glunz (5-4364)/ Watson (7-6476) 8. DOCKET NO.: A-310992 F0003; A-310801 F2000; S-00051042	9. EFFECTIVE DATE OF FILING: N/A

10. (a) **CAPTION (abbreviate if more than 4 lines)**
 (b) **Short summary of history & facts, documents & briefs**
 (c) **Recommendation**

- (a) Joint Application of ATX Licensing, Inc., and CoreComm Pennsylvania, Inc. for approval of a change in control of ATX Licensing, Inc., the acquisition of CoreComm Pennsylvania's assets and customers by ATX Licensing, Inc., for CoreComm Pennsylvania to abandon its certificates of Public Convenience and the registration of a Securities Certificate by ATX Licensing, Inc.
- (b) This joint application seeks approval for the transfer of indirect control of ATX Licensing, Inc., and its parent ATX Communications, Inc., to Leucadia National Corporation, the transfer of customers from CoreComm Pennsylvania, Inc to ATX Licensing, Inc. and the abandonment of CoreComm's Certificate of Public Convenience. ATX Licensing, Inc. also filed a securities certificate regarding the necessary financing to emerge from Chapter 11 bankruptcy proceedings.
- (c) The Bureau of Fixed Utility Services recommends that the Commission adopt the proposed Order.

**DOCUMENT
FOLDER**

KJR

10. **MOTION BY:** Commissioner Chm. Holland

SECONDED: Commissioner Bloom

Commissioner Pizzingrilli - Yes
Commissioner
Commissioner

CONTENT OF MOTION: Staff recommendation adopted.

DOCKETED
APR 28 2005



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

April 21, 2005

A-310992 F0003
A-310801 F2000
S-00051042

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SWIDLER BERLIN SHEREFF FRIEDMAN LLP
3000 K STREET NW
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DOCKETED
JUL 08 2005

Joint Application of ATX Licensing, Inc., and CoreComm Pennsylvania, Inc. for approval of a change in control of ATX Licensing, Inc., the acquisition of CoreComm Pennsylvania, Inc.'s assets and customers by ATX Licensing, Inc. and for CoreComm Pennsylvania, Inc. to abandon its Certificates of Public Convenience.
(A-310992 F0003, A-310801 F2000)

Registration of a Securities Certificate by ATX Licensing, Inc.
(S-00051042)

BTL

**DOCUMENT
FOLDER**

To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on April 21, 2005 has adopted an Order in the above-entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

Enclosure
Certified Mail
LJM

See attached list for additional parties of record

PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held April 21, 2005

Commissioners Present:

Wendell F. Holland, Chairman
Robert K. Bloom, Vice Chairman
Kim Pizzingrilli

DOCKETED
JUL 08 2005

Joint application of ATX Licensing, Inc., and CoreComm Pennsylvania, Inc. for approval of a change in control of ATX Licensing, Inc., the acquisition of CoreComm Pennsylvania, Inc.'s assets and customers by ATX Licensing, Inc. and for CoreComm Pennsylvania, Inc. to abandon its certificates of Public Convenience.

Docket Nos:
A-310992 F0003
A-310801 F2000

Registration of a Securities Certificates by ATX Licensing, Inc. S-00051042

ORDER

**DOCUMENT
FOLDER**

BY THE COMMISSION:

On February 3, 2005, ATX Licensing, Inc. (ATX) and CoreComm Pennsylvania, Inc. (CoreComm, together with ATX, Applicants) filed the above-captioned joint application, pursuant to Chapter 11 of the Public Utility Code, 66 Pa. C.S. §§1101, *et seq.*, requesting Commission approval for the transfer of indirect control of ATX from ATX Communications, Inc. (ATX Parent) to Leucadia National Corporation (Leucadia) and the abandonment of CoreComm's Certificate of Public Convenience (Certificate). Copies of the application were served upon the Office of Consumer Advocate and the Office of Small Business Advocate. Further notice was not required to be published and

no protests or comments have been received. On April 13, 2005, Applicants filed an Amendment to Application and Securities Certificate.

Applicants are currently operating their businesses as debtors and debtors-in-possession under the protections of Chapter 11 of Title 11 of the U.S. Bankruptcy Code. On February 3, 2005, ATX also filed a securities certificate for sufficient financing to emerge from Chapter 11.

The Parties

ATX, a Delaware corporation, is an indirect, wholly-owned subsidiary of CoreComm Communications, Inc. (CCI), which in turn is a direct, wholly-owned subsidiary of ATX Parent. ATX Parent is a holding company with principal offices located in King of Prussia, Pennsylvania. ATX Parent's operating subsidiaries, including ATX, are facilities-based integrated communications providers, offering voice, data, wireless, Internet, and e-business services to business and residential customers in targeted markets throughout the Mid-Atlantic and Midwest regions of the United States, as well as long distance voice service throughout the United States. ATX Parent's operating subsidiaries currently serve more than 300,000 business and residential customers.

In Pennsylvania, ATX is authorized to provide competitive local exchange and intrastate interexchange telecommunications service pursuant to certification granted by this Commission in Docket No. A-310992. ATX's corporate headquarters are located at 2100 Renaissance Boulevard, King of Prussia, Pennsylvania.

CoreComm Pennsylvania, Inc. is a wholly-owned subsidiary of CoreComm Newco, Inc., which in turn is a direct, wholly-owned subsidiary of CCI. CCI is a direct,

wholly-owned subsidiary of ATX Parent. In Pennsylvania, CoreComm is authorized to provide local exchange and intrastate interexchange telecommunications service pursuant to a CPCN granted by the Commission in Docket No. A-310801 on October 31, 2001. As of December 2004, CoreComm served approximately 74 long distance customers and 118 local customers in Pennsylvania.

Leucadia National Corporation, a publicly-traded New York corporation, is a diversified financial services holding company engaged through its consolidated subsidiaries in a variety of businesses, including telecommunications.

The Application

Applicants, together with ATX Parent and all of ATX Parent's other direct and indirect subsidiaries (collectively, the Debtors), are currently operating their businesses as debtors and debtors-in-possession under the protections of Chapter 11 of Title 11 of the U.S. Bankruptcy Code. On January 24, 2005, the Debtors filed with the Bankruptcy Court a First Amended Joint Plan of Reorganization (the Plan). Applicants file this application in connection with a series of transactions whereby the Debtors will emerge from Chapter 11.

The Plan contemplates that the existing equity in ATX Parent will be cancelled and that all of the equity in the reorganized ATX Parent will be issued to Leucadia. Upon emergence from Chapter 11 following approval of the Bankruptcy Court, the Plan contemplates that Leucadia will hold 100% of the equity (subject to the new management restricted stock plan) and 100% of any post-petition debt of the reorganized parent, which will effectuate a change of indirect control of the equity and board structure of ATX.

CoreComm will voluntarily surrender its Pennsylvania Certificate granted by the Commission in Docket No. A-310801. Prior to doing so CoreComm will transfer to ATX its Pennsylvania long distance and local customers. CoreComm will comply with the customer notice requirements and all other applicable rules governing the transfer of customers' accounts.

ATX does not contemplate any change immediately following consummation of the proposed transactions in the manner in which it currently offers service in the Commonwealth of Pennsylvania. Immediately following the effective date, ATX will continue to offer the services it currently offers in Pennsylvania with no change in the rates or terms and conditions of service (other than those arising in the ordinary course of business pursuant to state tariffing requirements). Similarly, Pennsylvania customers of CoreComm that are transferred to ATX will continue to receive the services they currently receive with no change in the rates or terms and conditions of service. ATX will adopt and immediately grandfather¹ CoreComm Pennsylvania, Inc. tariffs PA. P.U.C. No. 1 Competitive Local Exchange Services Tariff and PA. P.U.C. No. 2 Intrastate Interexchange Carrier Tariff.

ATX, moreover, will continue to be led by the same team of experienced telecommunications managers. The indirect transfer of control will provide ATX with the opportunity to strengthen its competitive position through an improved capital structure and enhanced liquidity. Upon consideration, we conclude that the record provides substantial evidence of affirmative public benefit sufficient to warrant approval of the proposed transactions under *City of York v. Pennsylvania Public Utility Commission*, 449 Pa. 136, 295 A.2d 825 (1972).

¹ Grandfathering the CoreComm tariffs will preserve the terms, rates and conditions of service for the approximately 186 existing CoreComm customers. ATX cannot offer the CoreComm tariff services to additional customers nor can the existing CoreComm customers revise their services under the CoreComm tariffs.

The Securities Certificates

The Plan contemplates that the reorganized Debtors, including ATX, will issue new promissory notes in order to fund certain of the distributions required to be made pursuant to the Plan (New Notes). The New Notes will be issued to certain of the post-petition creditors of ATX Parent and/or ATX. The total amount of the indebtedness to be incurred by the reorganized Debtors under the New Notes is \$2 million.

Leucadia will provide a senior secured credit facility through which the reorganized-ATX Parent may borrow up to \$25 million dollars (the Exit Facility) in order to consummate the Plan. The obligations of the reorganized ATX Parent, as the borrower under the Exit Facility, will be guaranteed by the reorganized ATX, as well as all or substantially all other reorganized subsidiaries of ATX Parent. The guarantee of each guarantor will be secured by a lien on substantially all of the assets of each guarantor, including the reorganized ATX.

Conclusion

Having thus reviewed the instant filings by ATX Licensing, Inc. and CoreComm Pennsylvania, Inc., we find that the indirect transfer of control of ATX, the abandonment of a Certificate of Public Convenience by CoreComm and the transfer of customers from CoreComm to ATX is necessary or proper for the service, accommodation, convenience, or safety of the public, and that the application should be approved. We have also determined that the guaranty of the New Notes and the Exit Facility by the reorganized ATX, as well as all or substantially all other reorganized subsidiaries of ATX Parent is necessary or proper for the present and probable future capital needs of the utility;

THEREFORE,

IT IS ORDERED:

1. That the application concerning the reissuing of all the equity and the indirect transfer of control of the reorganized parent of ATX Licensing, Inc. and CoreComm Pennsylvania, Inc. is hereby approved.

2. That the application concerning the acquisition of CoreComm Pennsylvania's assets and customers by ATX Licensing, Inc. is hereby approved.

3. That ATX Licensing, Inc. shall adopt and immediately grandfather CoreComm Pennsylvania, Inc. tariffs PA. P.U.C. No. 1 Competitive Local Exchange Services Tariff and PA. P.U.C. No. 2 Intrastate Interexchange Carrier Tariff.

4. That ATX Licensing shall file new title sheets for both tariffs mentioned in Ordering Paragraph No. 3, reflecting the change in company name and noting that the tariffs are in fact grandfathered.

5. That the application of CoreComm Pennsylvania, Inc. at A-310801 F2000 for authority to abandon service is hereby approved.

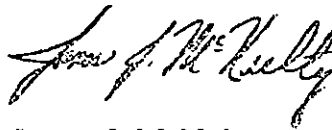
6. That a certificate of public convenience be issued to each of the two applicants evidencing our approval, and the case be marked closed.

7. That the securities certificate filed by ATX Licensing, Inc. for the guaranty of the New Notes and the Exit Facility is hereby registered.

8. That if the joint applicants come to determine that the transaction's above will not occur, they shall promptly file with this Commission notice of such determination.

9. That within 60 days of the financing, ATX Licensing, Inc. file with this Commission a copy of the executed Loan Agreements together with a summary of interest rates and repayment terms.

BY THE COMMISSION,



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: April 21, 2005

ORDER ENTERED: APR 21 2005

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