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April 1, 2003

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VIA UPS

Mr. Thomas Dorman, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

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Re: Informational Filing Regarding the Indirect Transfer of Control of Shared Communications Services, Inc. Through the Acquisition of the Stock of its Parent, Advanced TelCom, Inc., by VFS Financing, Inc.

Dear Mr. Dorman:

Shared Communications Services, Inc. ("SCS"), its parent, Advanced TelCom Group, Inc. ("ATG"), and VFS Financing, Inc. ("VFS") (together, the "Parties"), by their attorneys, hereby respectfully notify the Kentucky Public Service Commission ("Commission") of their intent to consummate a transaction whereby VFS will acquire all of the voting capital stock of ATG, thereby transferring control of SCS, ATG's certificated operating subsidiary, to VFS. In accordance with a plan of reorganization for the emergence of ATG and its telecommunications operating subsidiaries from their current Chapter 11 bankruptcy proceeding,¹ the Parties intend to consummate a transaction whereby ownership and control of ATG, and thus indirect control of SCS, will be transferred to VFS through the issuance of new common stock of ATG to VFS. Upon completion of the transaction, ATG will be a wholly

¹ ATG and its operating subsidiaries, including SCS, filed a plan of reorganization with the U.S. Bankruptcy Court for the Northern District of California, Santa Rosa Division (the "Bankruptcy Court") on January 21, 2003, and an amended plan of reorganization on February 24, 2003. The Parties expect that the current plan of reorganization will be approved by the Bankruptcy Court on April 18, 2003, and ATG and its operating subsidiaries hope to emerge from bankruptcy as soon as possible thereafter.

Mr. Thomas Dorman, Executive Director
Kentucky Public Service Commission
April 1, 2003
Page Two

owned subsidiary of VFS. SCS will remain a wholly owned, indirect subsidiary of ATG, and will continue to provide telecommunications service within the Commonwealth of Kentucky pursuant to its existing tariff. This change in the indirect control of SCS will not affect the identity of the entity providing telecommunications service in Kentucky, or the rates, terms and conditions of service currently enjoyed SCS's Kentucky customers. The only change is that the indirect ownership and control of SCS will be transferred from the current ownership of ATG to VFS.²

The Parties

Shared Communications Services, Inc. SCS is a corporation formed under the laws of the State of Oregon and headquartered at 19 Old Courthouse Square, Santa Rosa, California 95404. SCS is a wholly owned subsidiary of Advanced TelCom, Inc. ("ATI"), which in turn is a wholly owned subsidiary of ATG. ATG and ATI are corporations formed under the laws of the State of Delaware and headquartered at 19 Old Courthouse Square, Santa Rosa, California 95404. SCS currently provides resold interexchange telecommunications services to customers in approximately 25 states, including Kentucky. SCS also holds Section 214 authorizations from the Federal Communications Commission to provide domestic and international resold telecommunications services.

ATI currently provides facilities-based and resold interexchange and local exchange telecommunications services to customers primarily in California, Nevada, Oregon and Washington, and also provides interexchange services to a small number of customers in several other states. ATI also holds Section 214 authorizations from the Federal Communications Commission to provide interstate and international facilities-based and resold telecommunications services. On May 2, 2002, ATG and its operating subsidiaries, including SCS, filed for bankruptcy law protection under Chapter 11 of the United States Bankruptcy Code.³

VFS Financing, Inc. VFS is a corporation formed under the laws of the State Delaware and headquartered at 10 Riverview Drive, Danbury, Connecticut 06810. VFS is a wholly owned, indirect subsidiary of General Electric Company ("GE"). GE, the ultimate parent of VFS, is a corporation formed under the laws of the State of New York and headquartered at 3135 Easton Turnpike, Fairfield, Connecticut 06431. GE is a widely held public corporation, and one of the largest and most diversified industrial corporations in the world.

² The transfer of control of SCS does not raise slamming concerns, and does not otherwise necessitate compliance with the procedures prescribed by the Federal Communications Commission or by the Kentucky Public Service Commission for notification of customers prior to a carrier-to-carrier sale or transfer of a carrier's subscriber base. As noted above, SCS will continue to provide telecommunications services to consumers in the Commonwealth of Kentucky pursuant to its existing tariffs.

³ See 02-11073 (Bankr. N.D. Cal. 2002).

Mr. Thomas Dorman, Executive Director
Kentucky Public Service Commission
April 1, 2003
Page Three

Designated Contact

The designated contact for questions regarding this filing is:

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Copies of correspondence related to this filing also should be sent to:

VFS FINANCING, INC.
c/o Meredith H. Gifford
6540 Powers Ferry Road
Atlanta, Georgia 30339

ADVANCED TELCOM GROUP, INC.
SHARED COMMUNICATIONS SERVICES, INC.
c/o Richard H. Levin, Esq.
3554 Round Barn Boulevard
Suite 303
Santa Rosa, California 95403

Description of the Transaction

In accordance with a plan of reorganization filed with the Bankruptcy Court on January 21, 2003, and amended on February 24, 2003, the Parties intend to consummate a transaction whereby ownership and control of ATG, and thus SCS, will be transferred to VFS through the issuance of new common stock of ATG to VFS. Specifically, ATG will cancel all of its existing capital stock, both common and preferred, and VFS will receive all of the newly issued voting common stock of ATG in exchange for and in satisfaction of existing senior secured debt claims against ATG held by General Electric Capital Corporation, an indirect subsidiary of GE, or one of its affiliates.

Upon completion of the transfer of control described herein, VFS will hold a direct, 100 percent ownership interest in the voting capital stock of, and 100 percent voting control over, ATG, and, by virtue of ATG's indirect ownership of all of SCS's capital stock, VFS will hold a 100 percent controlling interest in SCS. However, as noted above, the transfer of indirect control of SCS will not affect the identity of the entity providing telecommunications

Mr. Thomas Dorman, Executive Director
Kentucky Public Service Commission
April 1, 2003
Page Four

service in Kentucky, or the rates, terms and conditions of service currently enjoyed by SCS's Kentucky customers. Moreover, it is contemplated that a portion of the current management of SCS and the contact for customer and Commission inquiries will remain the same following the proposed transaction. Thus, the transfer of indirect control of SCS described herein will be transparent to consumers in the Commonwealth of Kentucky, and will not have any adverse impact on them. The ownership structures relevant to the Parties before and after the transaction are shown on the organizational charts attached hereto as *Exhibit A*.

Public Interest Considerations

The Parties respectfully submit that the transfer of indirect control of SCS will serve the public interest. The proposed transaction is necessary for ATG and its operating subsidiaries, including SCS, to emerge from their current bankruptcy proceeding as financially stronger entities, and ultimately will permit SCS to continue to provide telecommunications service to customers in the Commonwealth of Kentucky. SCS and other emerging telecommunications companies have suffered great financial loss over the past two years amid the downturn in technology and communications markets, the slowing rate of demand for telecommunications services, and a marked tightening of capital markets characterized by diminished investment in telecommunications enterprises that were not generating net profits or otherwise had unfunded business plans. As a result, SCS has not had access to the capital markets equipped to address its funding needs. The transfer of control described herein will enable SCS to continue to provide high quality telecommunications service to its Kentucky customer base, and thereby will serve the public interest.

Mr. Thomas Dorman, Executive Director
Kentucky Public Service Commission
April 1, 2003
Page Five

Upon review of Kentucky's statutes, Commission rules, and relevant Commission and court decisions, the Parties understand that prior Commission approval of the indirect transfer of control of SCS as described herein is not required. The Parties therefore submit this letter for the Commission's information only and request that it be retained in the appropriate file. Enclosed please find ten (10) copies of this letter, a duplicate and a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided.

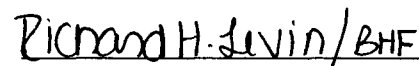
Respectfully submitted,

VFS FINANCING, INC.



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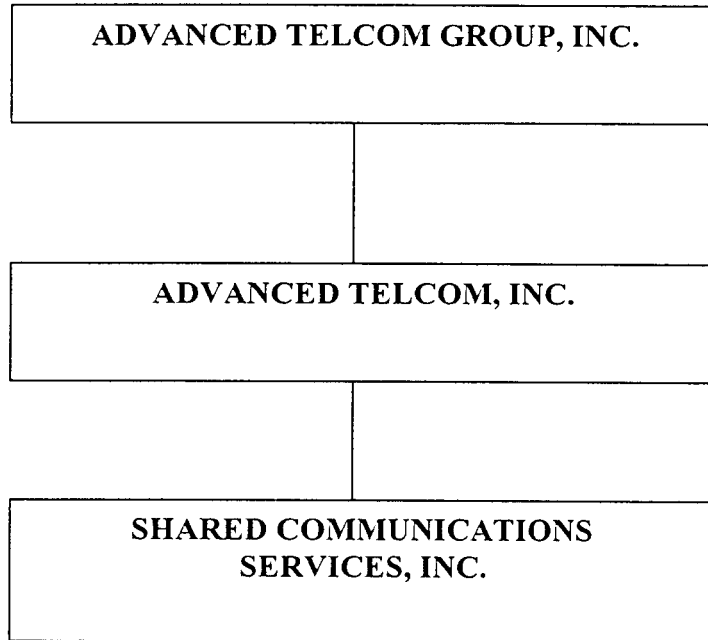
Enclosures

cc: Meredith H. Gifford
Richard H. Levin, Esq.

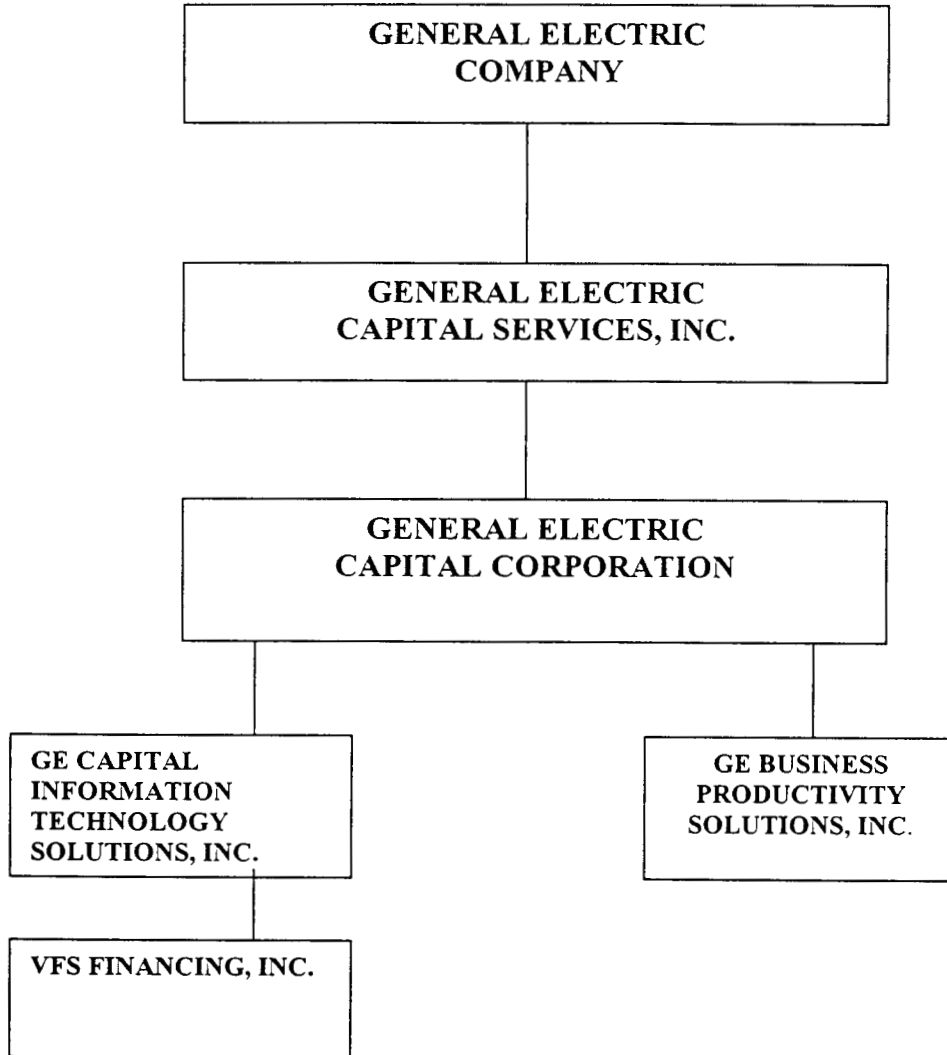
EXHIBIT A

ORGANIZATIONAL CHARTS

**PRE-TRANSACTION STRUCTURE
OF ATG ENTITIES**



**PRE-TRANSACTION STRUCTURE
OF GE ENTITIES**



POST-TRANSACTION CORPORATE STRUCTURE

