### EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

ATTORNEYS AT LAW

900 COMERICA BUILDING KALAMAZOO, MICHIGAN 49007-4752 **TELEPHONE (616) 381-8844** FAX (616) 349-8525

GEORGE H. LENNON DAVID G. CROCKER MICHAEL D. O'CONNOR PATRICK D. CROCKER HAROLD E. FISCHER, JR. ANDREW J. VORBRICH LAWRENCE M. BRENTON TYREN R. CUDNEY GORDON C. MILLER GARY P. BARTOSIEWICZ STEVEN M. BROWN BLAKE D. CROCKER

ROBERT M. TAYLOR RON W. KIMBREL WILLIAM B. JOHNSON KRISTEN L. GETTING

OF COUNSEL

THOMPSON BENNETT JOHN T. PETERS, JR.

VINCENT T. EARLY (1922 - 2001) JOSEPH J. BURGIE (1926 - 1992)

January 8, 2002



Helen Helton, Executive Director Kentucky Public Service Commission 211 Sower Blvd Frankfort, KY 40601

Petition for Authority of Weston Telecommunications, LLC to Acquire Certain Assets

of Easton Telecom Services, Inc.

Dear Ms. Helton:

Enclosed herewith for filing with the Commission, please find an original and three (3) copies of the Petition for Authority for Weston Telecommunications, LLC to Acquire Certain Assets of Easton Telecom Services, Inc.

Also enclosed is a duplicate of this letter attached to a copy of the Petition. Please stamp the duplicate and return same in the postage-paid envelope.

Please contact the undersigned should you have any questions or concerns.

Very truly yours,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

Patrigk D. Crocker

# Before the PUBLIC SERVICE COMMISSION OF THE STATE OF KENTUCKY

Petition for Authority to )
Acquire Certain Assets of ) Fili
Easton Telecom Services, Inc. )

Filing No. <u>T62-1478</u>



# JOINT PETITION FOR APPROVAL TO ACQUIRE ASSETS AND REQUEST FOR EXPEDITED APPROVAL

NOW COMES Weston Telecommunications, LLC ("Weston") and Easton Telecom Services, Inc. ("Easton") by and through their attorneys Early, Lennon, Crocker & Bartosiewicz, P.L.C., pursuant to the rules and regulations of the Kentucky Public Service Commission ("Commission"), and hereby jointly request that the Commission approve the acquisition by Weston of a certain portion of the subscriber base of Easton, the transfer of Easton's certificates and applicable tariffs, and to grant such relief on an expedited basis to allow for the consummation of the transaction without undue delay. For the reasons set forth below, the parties request the Commission to grant such approval immediately. Weston and Easton provide the following in support of this request:

### I. The Parties

#### A. Weston Telecommunications, LLC

Weston is a limited liability company organized under the laws of the State of Ohio with principal offices located at Richfield, Ohio. Weston holds authorization under Section 214 of the Communications Act of 1934, as amended, to provide domestic interstate and international telecommunications service, and is authorized to provide intrastate, interexchange service, or is in the process of filing applications to provide such service in 48 states, including the State of Kentucky. A copy of Weston's application is on file with the Commission.

<sup>&</sup>lt;sup>1</sup>The Kentucky Public Service Commission granted Easton long distance authority on 6/11/96 in Case No. 96-186.

The principal office of Weston is located at:

Summit II 3046 Brecksville Road Richfield, OH 44286

Please direct any questions concerning Weston and this application to:

Patrick D. Crocker Early, Lennon, Crocker & Bartosiewicz, P.L.C. 900 Comerica Building Kalamazoo, MI 49007 (616) 381-8844 (616) 349-8525 (facsimile)

### B. Easton Telecom Services, Inc.

Easton is a corporation organized under the laws of the State of Ohio whose principal offices are located at Richfield, Ohio. Easton is authorized under Section 214 of the Communications Act of 1934, as amended, to provide domestic interstate and international telecommunications service, and has authority to provide intrastate, interexchange service in 48 states, along with local authority in 30 states, including the State of Kentucky. A copy of Easton's applicable intrastate tariff is on file with the Commission.

The principal office of Easton is located at:

Summit II 3046 Brecksville Road Richfield, OH 44286

Please direct any questions concerning Easton to:

Patrick D. Crocker Early, Lennon, Crocker & Bartosiewicz, P.L.C. 900 Comerica Building Kalamazoo, MI 49007 (616) 381-8844 (616) 349-8525 (facsimile)

### II. The Transaction

Pursuant to an Asset Purchase Agreement approved by the Bankruptcy Court on or about November 16, 2001, Easton agreed to sell to Weston, and Weston agreed to purchase (a) the right to provision certain Easton telecommunications customers (hereinafter "Easton Customers") with telecommunications and ancillary services; (b) the right to receive payments from Easton Customers; (c) the right to receive accounts receivable for such Easton Customers; (d) the right to use the name Easton Telecom Services, Inc.; and (e) the certificates of authorization and tariffs of Easton. A copy of the approving sale of substantially all assets of Easton is attached hereto as **Exhibit A**.

### III. Public Interest Considerations

Rob and Heidi Mocas founded Easton<sup>2</sup> in 1989. The business flourished for many years due to this family's dedication to the quality of service. In 1999, the family entered into a transaction with Teligent, Inc. for the sale of Easton Telecom Services, Inc. Unable to continue operating, Teligent declared bankruptcy. At that time, Rob and Heidi Mocas formed Weston for the purpose of purchasing Easton from Teligent. The transaction necessarily took the shape of an asset purchase. The transfer of this customer base returns the assets to the original owners, Robert and Heidi Mocas. Further, the transfer contemplated by the Asset Purchase Agreement will serve the public interest by enabling Weston to achieve increased economies of scale and compete more effectively in the telecommunications marketplace. More effective competition will ultimately lead to lower prices and the availability of more products and services to the public.

The transfer of the Easton Customer base will also benefit Easton's existing customers directly.

The acquisition of the Easton Customer base by Weston will enable these subscribers to continue to receive high-quality telecommunications service at affordable rates without interruption.

<sup>&</sup>lt;sup>2</sup>Rob selected "Easton" as it is a family name.

Thus, the public will benefit both directly, through the availability of, and access to, an active carrier of the competitive services, and indirectly, because of the presence of an active competitor in this market will increase the incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce their prices, and improve their quality of service. The customers of Weston and Easton rely on these companies for high quality, affordable intrastate service. Upon approval of this transaction, Weston will provide notice to the Easton Customers, and assure them of Weston's commitment to continue the provision of high quality, affordable services pursuant to the company's filed tariff. As such, the transaction will not cause inconvenience or confusion to Weston or the Easton Customers. Indeed, the transaction will be virtually transparent to Weston and the Easton Customers in terms of the services that they receive. A copy of the sample notice of the transfer appears as **Exhibit B** attached hereto.

Weston certifies that it continues to have the necessary managerial and financial resources to provide the public with quality telecommunications service throughout the state. After the consummation of the transaction, Weston will continue to be led by a team of well-qualified managers comprised of its existing personnel. Weston expects that the ample managerial, technical and financial expertise of this managerial team will enable Weston to continue providing high quality service to its existing customers and those of Easton, as well as to expand its customer base. The proposed acquisition will therefore promote competition in the Kentucky services market and serve the public interest.

WHEREFORE, Weston and Easton respectfully requests that the Commission authorize the sale of assets from Easton to Weston. In addition, the Parties respectfully request expedited processing of this Joint Petition so that the transaction my proceed without undue delay.

Respectfully submitted,

Weston Telecommunications, LLC and Easton Telecom Services, Inc.

By:

Patrick D. Crocker

Early, Lennon, Crocker & Bartosiewicz, P.L.C.

Its Attorneys

# EXHIBIT A

## ORDER APPROVING SALE OF SUBSTANTIALLY ALL ASSETS

NOV-19-01

### UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

Chapter 11 In re

TELIGENT, INC., et al., 1 Case No. 01-12974 (SMB)

Jointly Administered

Debtors.

### ORDER APPROVING DEBTOR'S (i) SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF EASTON TELECOM SERVICES, INC. AND (ii) ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS TO WESTON TELECOMMUNICATIONS, LLC

Upon the motion (the "Motion")<sup>2</sup> of Easton Telecom Services, Inc., one of the abovecaptioned debtors and debtors in possession ("Easton" or "Debtor"), seeking entry of an order authorizing the Debtor's (i) sale of substantially all of its assets and (ii) assumption and assignment of certain executory contracts to Weston Telecommunications, LLC (the "Buyer"); it appearing that the relief requested is in the best interests of the Debtor's estate, its creditors and other parties in interest, it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b); and after due deliberation and cause appearing therefor, it is hereby

The Debtors are the following entities: Teligent, Inc.; Teligent Services, Inc.; American Long Lines, Inc.; Association Communications, Inc.; Auctel, Inc.; BackLink, L.L.C.; Easton Telecom Services, Inc.; Executive Conference, Inc.; FirstMark Communications, Inc.; InfiNet Telecommunications, Inc.; JTel, L.L.C.; KatLink, L.L.C.; OMC Communications, Inc., Quadrangle Investments, Inc.; Telecommunications Concepts, Inc.; Teligent Communications, L.L.C.; Teligent License Co. I, L.L.C.; Teligent License Co. II, L.L.C.; Teligent of Virginia, Inc.; Teligent Professional Services, Inc.; and Teligent Telecommunications, L.L.C.

<sup>&</sup>lt;sup>2</sup> Capitalized terms not defined herein have the meaning given in the Motion.

FOUND AND DETERMINED THAT the Debtor has articulated good and sufficient reasons for the proposed sale of the Assets of Easton (the "Easton Assets") to Buyer; and it is further

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FOUND AND DETERMINED THAT notice of the sale and transactions contemplated thereby was given in accordance with all applicable provisions of the Bankruptcy Rules, Bankruptcy Code and Orders of this Court; and it is further

FOUND AND DETERMINED THAT the Buyer has acted in good faith within the meaning of the Bankruptcy Code, and is entitled to all protections and benefits afforded to such an entity under 11 U.S.C. § 363(m); and it is further

FOUND AND DETERMINED THAT a reasonable opportunity to object or be heard with respect to the Motion and the relief requested in the Motion, and to submit higher and better offers for the Easton Assets, has been afforded to all interested persons and entities; and it is further

FOUND AND DETERMINED THAT the SMB 11/15/01 consideration Purchase Price provided by the Buyer for the Easton Assets as set forth on the record (i) is fair and reasonable, (ii) is the highest and otherwise best offer for the Easton Assets, (iii) will provide a greater recovery for the Debtor's creditors and other interested parties than would be provided by any other practically available alternative, and (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States and any state, territory, possession, or the District of Columbia; and it is further

<sup>&</sup>lt;sup>3</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fod. R. Bankr. P. 7052. Statements made by the Court from the bench at the hearing shall constitute additional conclusions of law and findings of fact as appropriate.

NOV-19-01

T-607 P.004/006

FOUND AND DETERMINED THAT all parties to this sale have complied with all provisions of the Bankruptcy Code and Rules that could have a material impact on this Motion.

NOW, THEREFORE, IT IS

SMB 11/15/01

ORDERED that the Motion is granted in its entirety, as set forth in detail on the record; and it is further

ORDERED that the Motion is granted SMB 11/15/01 to the extent indicated inits entirety, as set forth in detail on the record (provided, however, that in no event shall the definition of "Easton Assets" include or be construed to include any license agreement with DSET Corporation, any intellectual property relating thereto or any rights that the Debtor may have under any such agreement); and it is further

ORDERED that nothing in this Order shall authorize the Debtor to transfer or sell any software or intellectual property licensed from Microsoft Corporation pursuant to the Enterprise Agreement and the Master Services Agreement (including any amendments) by and between Microsoft Corporation and Teligent Services, Inc. unless Microsoft Corporation consents to such sale or transfer; provided that should such consent not be given within the earlier of (i) ten days after the entry of this Order or (ii) the Closing of the sale of the Easton Assets, the Buyer shall remove such software and intellectual property, if any, from any of the Easton Assets; and it is further

ORDERED that nothing in this Order shall affect the rights of any of the other Debtors with respect to any intellectual property or software licensed by Microsoft Corporation; and it is further

ORDERED that the sale of the Easton Assets to Buyer pursuant to the Agreement is approved and the Easton Assets shall be sold and transferred to Buyer free and clear of all liens, claims and encumbrances, with all such liens, claims and encumbrances attaching only to the proceeds of the sale; and it is further

#### SMB 11/15/01

ORDERED that the closing of the sale of the Easton Assets to Buyer shall occur no later than November 16, 2001; and it is further

ORDERED that in accordance with sections 365 and 363 of the Bankruptcy Code, the assumption, assignment and sale by the Debtors of the Assumed Executory Contracts to Buyer is authorized and approved; and it is further

ORDERED that pursuant to section 365(b)(1)(C) of the Bankruptcy Code, adequate assurance of Buyer's future performance under the Assumed Executory Contracts has been provided; and it is further

ORDERED that on or before the Closing Date, the Buyer shall pay and be solely liable to the counter party under each of the Assumed Executory Contracts for any and all cure amounts for the benefit of each such counter party required under section 365 of the Bankruptcy Code, which amounts are as set forth in the Motion; and it is further

ORDERED that the making or delivery of any instrument of transfer executed in connection with the sale of the Easton Assets shall be deemed to be made or delivered under, in furtherance of or in connection with a chapter 11 plan of reorganization for the Debtor and, therefore, shall be exempt from

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taxation pursuant to section 1146(c) of the Bankruptcy Code, provided that a plan is confirmed; and it is

further

NOV-19-01

ORDERED that each and every federal, state and local governmental agency or

department is hereby directed to accept any and all documents and instruments necessary and appropriate

to consummate the transactions contemplated by the Agreement; and it is further

ORDERED that the Debtor is authorized to perform all of its obligations arising under the

Agreement and to execute such other documents and take such further actions as are necessary to

effectuate the sale of the Easton Assets to Buyer, and it is further

ORDERED that the terms and provisions of this Order shall be binding upon the Debtor,

any subsequently appointed trustees thereof, the Debtor's estates, all creditors of any of the Debtor, and

all parties in interest, and their respective heirs, successors and assigns; and it is further

ORDERED that the Court shall retain jurisdiction to hear and determine all matters arising

from or relating to the implementation of this order, and it is further

ORDERED that notwithstanding the provisions of Bankruptcy Rules 6004(g) and 6006(d),

this order shall be effective immediately upon entry.

New York, New York

Dated: November 15, 2001

STUART M. BERNSTEIN

United States Bankruptcy Judge

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## Ехнівіт В

# SAMPLE NOTICE OF TRANSFER



RE:

New Service Provider

Dear Valued Customer:

On January 1, 2002, Weston Telecommunications, LLC ("Weston") will acquire certain assets of Easton Telecom Services, Inc., including the carrier's subscriber base.

Weston has no plans to change the rates, terms, and conditions of services currently provided to you. In addition, no charges or fees will be imposed as a result of this transfer. Weston will provide at least thirty (30) days prior written notice of any changes to these rates, terms, and conditions.

As our customer, you have the right to choose your long distance provider; you are free to choose another carrier to supply the services currently provided, if an alternative carrier is available.

All subscribers receiving this notice, even those who have arranged PIC freezes through the local exchange carrier (LEC), will transfer to Weston, unless another carrier has been selected prior to January 1, 2002. If you have a PIC freeze on your account, you will need to contact the LEC to arrange for a new freeze.

We value your business and will continue to do our best to provide the highest quality service at competitive prices.

Should you have a question or complaint concerning this transfer, please contact Weston by dialing the following toll-free number: 1-888-742-8122.

Sincerely,

Weston Telecommunications, LLC

Robert Mocas President