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September 20, 2000

VIA OVERNIGHT DELIVERY

Blanca S. Bayó
Director, Division of Public Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

001441-TP

Re: Notification of *Pro Forma* Corporate Reorganization of
Focal Communications Corporation of Florida, or in the Alternative,
Letter Application for Approval of *Pro Forma* Corporate Reorganization

Dear Ms. Bayó:

Focal Communications Corporation of Florida ("Focal Communications of Florida" or "Company"), by its undersigned attorneys, and pursuant to the statutes, rules, and regulations of the Florida Public Service Commission ("Commission"), respectfully notifies the Commission of, and to the extent necessary, requests authority for, an internal *pro forma* corporate reorganization, whereby Focal Communications of Florida's sister company, Focal Financial Services, Inc. ("Focal Financial Services"), will be interposed between Focal Communications of Florida and Focal Communications of Florida's direct parent company, Focal Communications Corporation ("Focal Communications") ("the Reorganization") in conjunction with certain financing arrangements.¹

¹ Section 364.33 of the Florida Statutes provides that "the acquisition, transfer, or assignment of majority organizational control or controlling stock ownership" requires prior approval by the Florida Public Service Commission. Fla. Stat. Ann. § 364.33 (1999). The Reorganization contemplated herein will not result in a change in the ultimate control of Focal Communications of Florida's Florida operations. Therefore, Focal Communications of Florida respectfully submits that Commission approval is not required for the Reorganization because it is *pro forma* in nature, and will not result in a change in the majority organizational control or ultimate controlling stock ownership of the company, or a transfer of the certificate.

DOCUMENT NUMBER-DATE

11911 SEP 21 8

FPSC-RECORDS/REPORTING

As explained below, the proposed Reorganization of Focal Communications of Florida would alter the holding company structure of Focal Communications of Florida. Currently, Focal Communications of Florida is a wholly owned subsidiary of Focal Communications. After completion of the proposed Reorganization, Focal Communications of Florida will be a second tier, rather than a first tier, subsidiary of Focal Communications, and Focal Financial Services will become its direct owner. Focal Financial Services is itself a wholly owned subsidiary of Focal Communications.

THE PARTIES

A. Focal Communications of Florida

Focal Communications of Florida is a Delaware corporation authorized to do business in Florida. It is currently a wholly owned, first tier subsidiary of Focal Communications. Focal Communications of Florida is headquartered at 200 North LaSalle Street, Chicago, Illinois 60601. The Florida Public Service Commission granted Focal Communications of Florida a Certificate to provide Interexchange Telecommunications Services in Florida by order issued January 11, 1999, in Docket No. 980102-TI (Certificate No. 5619), and a Certificate to Provide Alternative Local Exchange Telecommunications Services within Florida by order issued March 27, 1998, in Docket No. 980101TX (Certificate No. 5618). Its affiliates are authorized to provide intrastate interexchange and/or local exchange telecommunications services in 16 other states pursuant to applicable certification or registration requirements or on a deregulated basis.

Further information concerning Focal Communications of Florida was filed with its applications for certification filed in the above-referenced certification proceedings. That information is, therefore, already a matter of public record at the Commission, and we respectfully request that it be incorporated by reference herein.

B. Focal Financial Services

Focal Financial Services is a Delaware corporation and a wholly owned subsidiary of Focal Communications. Focal Financial Services does not provide telecommunications services and holds no regulatory licenses from this or any other regulatory commission.

C. Focal Communications

Focal Communications is a publicly held Delaware holding company with principal offices located at 200 North LaSalle Street, Chicago, Illinois 60601. Pursuant to the Reorganization contemplated by the parties, Focal Communications of Florida will become a second tier, rather than a first tier, subsidiary of Focal Communications.

DESCRIPTION OF THE REORGANIZATION

In conjunction with certain financing arrangements, the proposed Reorganization will be accomplished through a contribution by Focal Communications of 100% of the capital stock of Focal Communications of Florida to Focal Financial Services. Upon completion of the Reorganization, Focal Communications of Florida will be a wholly owned subsidiary of Focal Financial Services. Focal Financial Services will remain a wholly owned subsidiary of Focal Communications. Attached hereto as Exhibit A is an illustrative chart depicting the corporate structure of the parties prior to and immediately following the Reorganization. Focal Communications of Florida's operational management will not change following the Reorganization. Focal Communications of Florida will continue providing services to its Florida customers under the same name, under existing service arrangements, and pursuant to its certifications granted by this Commission after the Reorganization. The proposed Reorganization will be transparent to customers of Focal Communications of Florida. Focal Communications of Florida will continue to provide high-quality, competitively priced services with no disruption of service and with no inconvenience or confusion to customers.

PUBLIC INTEREST CONSIDERATIONS

Focal Communications and Focal Communications of Florida have determined that the proposed Reorganization would yield competitive and financial benefits. The proposed reorganization of its holding company structure will enable Focal Communications of Florida to obtain additional financing and thus result in a company better equipped to accelerate its growth as a competitive telecommunications service provider. The Reorganization will allow Focal Communications of Florida to manage its telecommunications operations more efficiently, thereby enhancing its operational flexibility as well as its financial viability. Focal Communications of Florida's customers will benefit from these enhancements. Thus, consummation of the proposed Reorganization will serve the public interest in promoting competition among providers of local and interexchange telecommunications services.

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CONCLUSION

Accordingly, for the reasons set forth above, Focal Communications of Florida submits that the proposed Reorganization serves the public interest. It therefore respectfully notifies the Commission of, and to the extent required, requests approval for, the *pro forma* reorganization described above. Focal Communications of Florida also respectfully requests expedited treatment to allow it to proceed with the Reorganization as soon as possible should approval by the Commission be required.

An original and five (5) copies of this filing are enclosed. Please date stamp the enclosed copy and return it in the postage-prepaid, self-addressed envelope provided for your convenience.

Respectfully submitted,

FOCAL COMMUNICATIONS CORPORATION OF
FLORIDA



Richard Rindler
Rogena Harris
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ITS COUNSEL

Enclosure

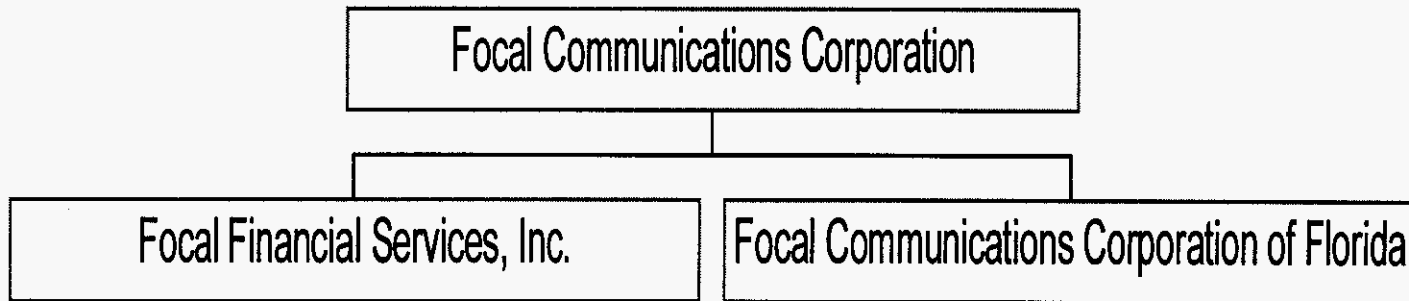
cc: Pamela Arluk

EXHIBIT A

FOCAL REORGANIZATION

Pre-Reorganization

FLORIDA



FOCAL REORGANIZATION

Post-Reorganization

FLORIDA

Focal Communications Corporation

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graph TD; A[Focal Communications Corporation] --- B[Focal Financial Services, Inc.]; B --- C[Focal Communications Corporation of Florida];
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Focal Financial Services, Inc.

Focal Communications Corporation of Florida