



ORIGINAL

November 26, 1999  
Via Overnight Delivery

210 N. Park Ave.  
Winter Park, FL  
32789

P.O. Drawer 200  
Winter Park, FL  
32790-0200

Tel: 407-740-8575  
Fax: 407-740-0613  
tmi@tminc.com

Ms. Blanca Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

991765-TX

**RE: Alternative Local Exchange Carrier Application for  
LightNetworks, Inc.**

Dear Ms. Bayo:

Enclosed for filing is one (1) original and six (6) copies of the Alternative Local Exchange Carrier Application filed on behalf of **LightNetworks, Inc.** A check in the amount of \$250 made payable to the Florida Public Service Commission is enclosed with this application.

Please acknowledge receipt of this filing by returning the extra copy of this letter, file stamped, in the self-addressed, stamped envelope enclosed for that purpose.

Questions regarding this filing may be directed to me at (407) 740-8575. Thank you for your cooperation and assistance.

Sincerely,

Connie Wightman  
Consultant to  
LightNetworks, Inc.

CW/ig.

Enclosure

cc: M. Eston Kirby, Jr. LightNetworks  
File: LightNetworks, Inc. - FL Local  
TMS: FLL9900

Check received with filing and  
forwarded to Fiscal for deposit.  
Fiscal to forward a copy of check  
to RAFT with proof of deposit.  
Initials of person who forwarded check:

DOCUMENT NUMBER-DATE  
14534 NOV 29 99  
FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION  
CAPITAL CIRCLE OFFICE CENTER - 2450 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

## APPLICATION FORM

for

AUTHORITY TO PROVIDE (ALEC)  
**ALTERNATIVE LOCAL EXCHANGE SERVICE**  
WITHIN THE STATE OF FLORIDA

---

### INSTRUCTIONS

- This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing alternative local exchange certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee.
  - Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
  - Use a separate sheet for each answer which will not fit the allotted space.
  - If you have questions about completing the form, contact:
- 

**Florida Public Service Commission  
Division of Communications  
Certification & Compliance Section  
2450 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0866  
(850) 413-6600**

- Once completed, submit the original and six (6 ) copies of this form along with a non-refundable application fee of \$250 made payable to the Florida Public Service Commission at the above address.

# APPLICATION FORM

1. This is an application for  (check one):

Original Authority (new company)

Approval of transfer ( to another certificated company )

Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

Approval for transfer of control ( to another certificated company )

Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

LightNetworks, Inc.

3. Name under which the applicant will do business (d/b/a):

N/A

4. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number:

N/A

# APPLICATION FORM

5. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

Street: 981 Ashby Street, Suite 103  
P.O. Box:  
City: Atlanta  
State: Georgia  
Zip Code: 30318  
Phone No.: (404) 877-1190

- B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.

Street: 1200 South Pine Island Road  
P.O. Box:  
City: Plantation  
State: Florida  
Zip Code: 33324  
Phone No.: (305) 473-5503

6. Structure of organization:  Check appropriate box(s)

<input type="checkbox"/> Individual	<input type="checkbox"/> Corporation
<input checked="" type="checkbox"/> Foreign Corporation	<input type="checkbox"/> Foreign Partnership
<input type="checkbox"/> General Partnership	<input type="checkbox"/> Limited Partnership
<input type="checkbox"/> Joint Venture	<input type="checkbox"/> Other, Please explain : Limited Liability Company

7. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

Not Applicable.

# APPLICATION FORM

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony of or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No Officer, Director or Stockholder has been previously adjudged bankrupt, mentally incompetent, or found guilty of any felony or crime.

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: F 99000005158

10. Please provide the name, title, address, telephone number, Internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Name: Eston Kirby  
Title: Vice President - Planning  
Phone No.: (404) 815-9919 - extension 7103  
Internet Address: eston.kirby@lightnetworks.com  
Fax No.: (404) 877-0139

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

LightNetworks is in the initial stages of filing for certifications and is not offering service as of this date.

# APPLICATION FORM

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

Applicant has never been denied certification in any state.

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No.

14. Please indicate how a customer can file a service complaint with your company.

Customers may call the company at its toll-free customer service number. This number is not available as of this day, however, this number will be in service and provided to customers before LightNetworks provides service to customers in Florida. In addition, customers may contact the company in writing at 981 Ashby Street, Suite 103, Atlanta, Georgia 30318.

15. Please complete and file a price list in accordance with Commission Rule 25-24.825. (Rule attached)

See Exhibit V.

16. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

- A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

See Exhibit III

# APPLICATION FORM

1. the balance sheet
2. Income statement
3. Statement of retained earnings

Further, a written explanation, which can include supporting documentation regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.
3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated, The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should attest that the financial statements are true and correct.

B. Managerial capability.

See Exhibit III

C. Technical capability.

See Exhibit IV

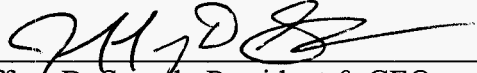
(If you will be providing local intra-exchange switched telecommunications service, then state how you will provide access to 911 emergency service. If the nature of the emergency 911 service access and funding mechanism is not equivalent to that provided by the local exchange companies in the areas to be served, describe in detail the difference.)

# APPLICATION FORM

## AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

**Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s.775.082 and s. 775.083".**

Official:   
Jeffrey D. Smock, President & CEO

Date: 11.15.99

Phone No.: (404) 877-1190

Address: 981 Ashby Street, Suite 103

Atlanta, Georgia 30318



## **25-24.825 Price List.**

- (1) Prior to providing service, each company subject to these rules shall file and maintain with the Commission a current price list which clearly sets forth the following information for basic local telecommunications services, as defined in s. 364.02(2), F.S. If basic local telecommunications service is offered on a package basis, the following information must be provided for the package:
  - (a) current prices,
  - (b) customer connection charges,
  - (c) billing and payment arrangements, and
  - (d) levels of service quality which the company holds itself out to provide for each service.
- (2) At the company's option, price list information in paragraph (1) above and other information concerning the terms and conditions of service may be filed for services other than basic local telecommunication services.
- (3) A price list revision must be physically received by the Commission's Division of Communications at least one day prior to its effective date.
- (4) Price lists must be on 8 ½ by 11 inch paper in loose-leaf form and must utilize an ongoing page identification system which will allow for the identification of inserted and removed pages. The color of paper on which price lists are filed must be amenable to being clearly photocopied on standard photocopy equipment.
- (5) Complete information concerning a company's service offerings, rates and charges, conditions of service, service quality, terms and conditions, service area, and subscribership information identified by local exchange company exchange must be made available to Commission staff upon request.

**Specific Authority: 350.127(2)**

**Law Implemented: 364.337(5), F.S.**

**History: New 12/26/95.**

**CLEARTEL COMMUNICATIONS, INC.**

**EXHIBIT I**

**ARTICLES OF INCORPORATION**

**Secretary of State**  
**Corporations Division**  
**315 West Tower**  
**#2 Martin Luther King, Jr. Dr.**  
**Atlanta, Georgia 30334-1530**

DOCKET NUMBER : K92770774  
CONTROL NUMBER : K935784  
DATE INC/AUTH/FILED: 08/31/1999  
JURISDICTION : GEORGIA  
PRINT DATE : 10/04/1999  
FORM NUMBER : 211

THE RED HOT LAW GROUP OF ASHLEY, LLC  
JON H. KLAPPER  
817 WEST PEACHTREE ST NE, STE 1400  
ATLANTA, GA 30308

**CERTIFICATE OF EXISTENCE**

I, Cathy Cox, the Secretary of State of the State of Georgia, do hereby certify under the seal of my office that

**LIGHTNETWORKS, INC.**  
**A DOMESTIC PROFIT CORPORATION**

was formed in the jurisdiction stated above or was authorized to transact business in Georgia on the above date. Said entity is in compliance with the applicable filing and annual registration provisions of Title 14 of the Official Code of Georgia Annotated and has not filed articles of dissolution, certificate of cancellation or any other similar document with the office of the Secretary of State.

This certificate relates only to the legal existence of the above-named entity as of the date issued. It does not certify whether or not a notice of intent to dissolve, an application for withdrawal, a statement of commencement of winding up or any other similar document has been filed or is pending with the Secretary of State.

This certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence that said entity is in existence or is authorized to transact business in this state.



Cathy Cox  
Secretary of State



FLORIDA DEPARTMENT OF STATE  
Katherine Harris  
Secretary of State

October 6, 1999

C T CORPORATION SYSTEM

TALLAHASSEE, FL

Qualification documents for LIGHTNETWORKS, INC. were filed on October 6, 1999 and assigned document number F99000005158. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 487-6091, the Foreign Qualification/Tax Lien Section.

Buck Kohr  
Corporate Specialist  
Division of Corporations

Letter Number: 099A00048516

# APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:

1. LightNetworks, Inc.  
(Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION", or words or abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.)
2. Georgia  
(State or country under the law of which it is incorporated)
3. 58-2484482  
(FEI number, if applicable)
4. August 31, 1999  
(Date of incorporation)
5. Perpetual  
(Duration: Year corp. will cease to exist or "perpetual")
6. Upon Demand  
(Date first transacted business in Florida. (See sections 607.1501, 607.1502, and 817.155, F.S.))
7. 981 Ashby Street, NW, Suite 103, Atlanta, Georgia 30378  
(Current mailing address)
8. Telecommunications services, particularly voice-over DSL  
(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

FILED  
SECRETARY OF CORPORATIONS  
DIVISION OF CORPORATIONS  
99 OCT - 6 PM 2: 07

9. Name and street address of Florida registered agent:

Name: C T Corporation System  
Office Address: c/o C T Corporation System, 1200 South Pine Island Road  
Plantation, Florida, 33324  
(Zip Code)

10. Registered agent acceptance:  
Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application. I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligation of my position as registered agent.

C T Corporation System

Dale W. Morris  
(Registered agent's signature) (Officer)  
**DALE W. MORRIS**  
**ASSISTANT VICE PRESIDENT**

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

12. Names and addresses of officers and/or directors:

A. DIRECTORS

Chairman: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Vice Chairman: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Director: Jeffrey D. Smock

Address: 981 Ashby Street, NW, Suite 103  
Atlanta, Georgia 30378

Director: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

B. OFFICERS

President: Jeffrey D. Smock

Address: 981 Ashby Street, NW, Suite 103  
Atlanta, Georgia 30378

Vice President: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Secretary: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

99 OCT - 6 PM 2: 07  
DIVISION OF CORPORATIONS  
SECRETARY OF STATE  
FLORIDA

Treasurer: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. *Jeffrey D. Smock*  
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. Jeffrey D. Smock, President  
(Typed or printed name and capacity of person signing application)

99 OCT - 6 PM 2: 07  
DIVISION OF CORPORATIONS  
SECRETARY OF STATE

**Secretary of State**  
**Corporations Division**  
**315 West Tower**  
**#2 Martin Luther King, Jr. Dr.**  
**Atlanta, Georgia 30334-1530**

DOCKET NUMBER : K92770068  
CONTROL NUMBER : K935784  
DATE INC/AUTH/FILED: 08/31/1999  
JURISDICTION : GEORGIA  
PRINT DATE : 10/04/1999  
FORM NUMBER : 211

CT CORPORATION SYSTEM  
JANE ROWELL  
1201 PEACHTREE ST, NE  
ATLANTA, GA 30361

FILED  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
99 OCT -6 PM 2:07

**CERTIFICATE OF EXISTENCE**

I, Cathy Cox, the Secretary of State of the State of Georgia, do hereby certify under the seal of my office that

**LIGHTNETWORKS, INC.**  
**A DOMESTIC PROFIT CORPORATION**

was formed in the jurisdiction stated above or was authorized to transact business in Georgia on the above date. Said entity is in compliance with the applicable filing and annual registration provisions of Title 14 of the Official Code of Georgia Annotated and has not filed articles of dissolution, certificate of cancellation or any other similar document with the office of the Secretary of State.

This certificate relates only to the legal existence of the above-named entity as of the date issued. It does not certify whether or not a notice of intent to dissolve, an application for withdrawal, a statement of commencement of winding up or any other similar document has been filed or is pending with the Secretary of State.

This certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence that said entity is in existence or is authorized to transact business in this state.



Cathy Cox  
Secretary of State



**LIGHTNETWORKS, INC.**

**EXHIBIT II**

**FINANCIAL CAPABILITY**

**LIGHTNETWORKS, INC.**  
**Supplemental Financial Information**

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

The purpose of this document is to highlight the financial strengths of the Company and serve as the Company's Statement of Financial Capability.

LightNetworks has not begun operations. In support of its financial capability, the Company offers proforma financial statements and credit references. LightNetworks has incurred normal start-up costs of entering the local and long distance telecommunications market. As with most ventures, LightNetworks expects profitability to be achieved on entering a new market. LightNetworks has the financial strength to absorb start-up losses. Some of LightNetworks' highlights are:

1. Proforma Statement of Operations for the period ending 12/31/99 through 12/31/02

This proforma projects profitability by the end of September 2001.

2. Proforma Balance Sheet for the periods ending 12/31/99 through 12/31/02

LightNetworks expects to have cash assets in excess of \$3 Million by the end of 1999 with which to sustain start up operations.

3. Proforma Cash Flow Projection for the periods ending 12/31/99 through 12/31/02

4. Lucent Technologies has extended LightNetworks a \$25,000,000 credit facility with which to purchase and maintain equipment and plant necessary for operations.

As demonstrated above, LightNetworks has planned prudently and marshalled the necessary resources to provide successful local services in the Florida market.

2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.

Please see response to question #1.

3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

Please see response to question #1.

**NOTE:** This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.



September 16, 1999

Jeff Smock  
President & CEO  
LightNetworks, Inc.  
414 Summer Terrace Lane  
Atlanta, GA. 30342

Mr. Smock,

Lucent Technologies is very pleased to extend LightNetworks \$25,000,000.00 in the credit facility described in our Term Sheet dated September 10, 1999. As we discussed, this amount was set at roughly 125% of your capital expenditure for network buildout through April 30, 2000 as outlined in your business plan.

Lucent Technologies would like to continue to support LightNetworks by extending further credit facility as your company successfully executes your business plan. We will be happy to review further financing options in early to mid- April, 2000.

We are very excited about this strategic partnership with LightNetworks. Please let me know if I can be of any assistance in ensuring the continued success of your company- and our partnership. I can be reached at 703.925.4228.

Best Regards,

Jeff Lubore  
VP, Emerging Market Service Providers

**LightNetworks Inc.**  
**(A Development Stage Company)**  
**Pro Forma Statement of Operations**

	For the Year and 4 Mos Ended <u>12/31/99</u>	For the 3 Mos Ended <u>03/31/00</u>	For the 3 Mos Ended <u>06/30/00</u>	For the 3 Mos Ended <u>09/30/00</u>	For the 3 Mos Ended <u>12/31/00</u>	For the 3 Mos Ended <u>03/31/01</u>	For the 3 Mos Ended <u>06/30/01</u>	For the 3 Mos Ended <u>09/30/01</u>
<b>Revenues</b>								
Customer Charges (incl LD)	\$0	\$432,000	\$1,770,000	\$3,666,000	\$5,826,000	\$8,418,000	\$11,010,000	\$13,602,000
Customer Installation Fee	<u>0</u>	<u>51,200</u>	<u>106,800</u>	<u>129,600</u>	<u>158,400</u>	<u>172,800</u>	<u>172,800</u>	<u>172,800</u>
Total Revenue	0	483,200	1,876,800	3,795,600	5,984,400	8,590,800	11,182,800	13,774,800
<b>Expense of Operations</b>								
Colocation/Application/Preparation	1,170,000	550,000	0	0	0	0	0	0
Equipment Lease Payments	0	0	449,385	4,707,940	5,834,592	6,061,891	6,227,570	6,441,922
Software Rights Payments	0	298,800	298,800	298,800	298,800	298,800	298,800	298,800
Long Distance Carriers	0	69,120	283,200	586,560	932,160	1,346,880	1,761,600	2,176,320
Loop Installation Costs	0	51,200	106,800	129,600	158,400	172,800	172,800	172,800
Travel	6,000	13,000	15,000	15,000	15,000	15,000	15,000	15,000
Rent	8,000	15,600	63,600	92,400	92,400	92,400	92,400	92,400
Telephone	1,750	7,000	27,000	39,000	39,000	39,000	39,000	39,000
Salaries	334,800	1,122,200	2,102,400	2,429,400	2,522,400	2,594,400	2,600,400	2,603,400
Payroll Taxes/EE Benefits	100,440	298,260	550,620	631,620	637,920	648,720	650,520	651,420
Office Supplies	2,000	3,500	13,500	19,500	19,500	19,500	19,500	19,500
Interest Expense	0	0	0	0	0	50,000	51,430	51,430
Depreciation Expense	1,000	2,250	3,900	6,000	7,500	8,500	9,000	9,500
Audit Fees	10,000	0	0	0	35,000	0	0	0
Outside Consultants	0	15,000	15,000	10,500	15,000	15,000	15,000	15,000
Legal/Filing	20,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Advertising/Promo	<u>13,000</u>	<u>278,000</u>	<u>876,000</u>	<u>1,032,000</u>	<u>1,032,000</u>	<u>1,032,000</u>	<u>1,032,000</u>	<u>1,032,000</u>
Total Operating Expenses	1,665,990	2,736,680	4,816,305	10,007,320	11,647,172	12,353,341	12,942,290	13,576,012
<b>Net Profit (Loss)</b>	<b>(\$1,665,990)</b>	<b>(\$2,253,480)</b>	<b>(\$2,939,505)</b>	<b>(\$6,211,720)</b>	<b>(\$5,662,772)</b>	<b>(\$3,762,541)</b>	<b>(\$1,759,490)</b>	<b>\$198,788</b>

**LightNetworks Inc.**  
**(A Development Stage Company)**  
**Pro Forma Statement of Operations**

	For the 3 Mos Ended <u>12/31/01</u>	For the 3 Mos Ended <u>03/31/02</u>	For the 3 Mos Ended <u>06/30/02</u>	For the 3 Mos Ended <u>09/30/02</u>	For the 3 Mos Ended <u>12/31/02</u>
<b>Revenues</b>					
Customer Charges (incl LD)	\$16,194,000	\$19,266,000	\$22,578,000	\$25,890,000	\$29,202,000
Customer Installation Fee	<u>172,800</u>	<u>220,800</u>	<u>220,800</u>	<u>220,800</u>	<u>220,800</u>
Total Revenue	16,366,800	19,486,800	22,798,800	26,110,800	29,422,800
<b>Expense of Operations</b>					
Colocation/Application/Preparation	0	0	0	0	0
Equipment Lease Payments	6,656,273	6,870,625	7,124,671	7,398,564	7,672,458
Software Rights Payments	298,800	298,800	298,800	298,800	298,800
Long Distance Carriers	2,591,040	3,082,560	3,612,480	4,142,400	4,672,320
Loop Installation Costs	172,800	220,800	220,800	220,800	220,800
Travel	15,000	15,000	15,000	15,000	15,000
Rent	92,400	92,400	92,400	92,400	92,400
Telephone	39,000	39,000	39,000	39,000	39,000
Salaries	2,603,400	2,939,400	2,939,400	2,939,400	2,939,400
Payroll Taxes/EE Benefits	651,420	716,220	716,220	716,220	716,220
Office Supplies	19,500	19,500	19,500	19,500	19,500
Interest Expense	51,430	51,430	51,430	51,430	51,430
Depreciation Expense	9,750	10,000	10,250	10,500	10,750
Audit Fees	50,000	0	0	0	60,000
Outside Consultants	15,000	15,000	15,000	15,000	15,000
Legal/Filing	15,000	15,000	15,000	15,000	15,000
Advertising/Promo	<u>1,032,000</u>	<u>1,032,000</u>	<u>1,032,000</u>	<u>1,032,000</u>	<u>1,032,000</u>
Total Operating Expenses	14,410,123	15,515,545	16,300,261	17,104,824	17,969,388
<b>Net Profit (Loss)</b>	<b>\$1,956,677</b>	<b>\$3,971,255</b>	<b>\$6,498,539</b>	<b>\$9,005,976</b>	<b>\$11,453,412</b>

(A Development Stage Company)  
Pro Forma Balance Sheet  
For the Periods Ending

	<u>12/31/99</u>	<u>03/31/00</u>	<u>06/30/00</u>	<u>09/30/00</u>	<u>12/31/00</u>	<u>03/31/01</u>	<u>06/30/01</u>	<u>09/30/01</u>
<b>ASSETS</b>								
Cash	\$3,335,010	\$6,125,800	\$8,319,140	\$7,168,171	\$6,553,880	\$2,863,527	\$1,186,043	\$1,467,306
Accounts Receivable								
Office Equipment (net of Depreciation)	19,000	41,750	70,850	106,850	129,350	140,850	141,850	142,350
Other Assets - Deposits	2,000	4,000	19,000	19,000	19,000	19,000	19,000	19,000
	<u>\$3,356,010</u>	<u>\$6,171,550</u>	<u>\$8,408,990</u>	<u>\$7,294,021</u>	<u>\$6,702,230</u>	<u>\$3,023,377</u>	<u>\$1,346,893</u>	<u>\$1,628,656</u>
<b>Liabilities</b>								
Accounts Payable	\$12,500	\$79,424	\$246,240	\$339,612	\$409,632	\$492,576	\$575,520	\$658,464
Line of Credit					5,000,000	5,000,000	5,000,000	5,000,000
Payroll Liabilities	9,500	11,596	21,725	25,104	26,065	26,809	26,871	26,902
	<u>22,000</u>	<u>91,020</u>	<u>267,965</u>	<u>364,716</u>	<u>5,435,697</u>	<u>5,519,385</u>	<u>5,602,391</u>	<u>5,685,366</u>
<b>Stockholders Equity</b>								
Capital Stock	5,000,000	10,000,000	15,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Retained Earnings	<u>(1,665,990)</u>	<u>(3,919,470)</u>	<u>(6,858,975)</u>	<u>(13,070,695)</u>	<u>(18,733,467)</u>	<u>(22,496,008)</u>	<u>(24,255,498)</u>	<u>(24,056,710)</u>
Liabilities and Stockholders Equity	<u>\$3,356,010</u>	<u>\$6,171,550</u>	<u>\$8,408,990</u>	<u>\$7,294,021</u>	<u>\$6,702,230</u>	<u>\$3,023,377</u>	<u>\$1,346,893</u>	<u>\$1,628,656</u>

(A Development Stage Company)  
Pro Forma Balance Sheet  
For the Periods Ending

	<u>12/31/01</u>	<u>03/31/02</u>	<u>06/30/02</u>	<u>09/30/02</u>	<u>12/31/02</u>
<b>ASSETS</b>					
Cash	\$3,511,677	\$7,586,708	\$14,196,481	\$23,313,941	\$34,879,087
Accounts Receivable					
Office Equipment (net of Depreciation)	137,600	132,600	127,350	121,850	116,100
Other Assets - Deposits	19,000	22,000	22,000	22,000	22,000
	<u>\$3,668,277</u>	<u>\$7,741,308</u>	<u>\$14,345,831</u>	<u>\$23,457,791</u>	<u>\$35,017,187</u>
<b>Liabilities</b>					
Accounts Payable	\$741,408	\$839,712	\$945,696	\$1,051,680	\$1,157,664
Line of Credit	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Payroll Liabilities	26,902	30,374	30,374	30,374	30,374
	<u>5,768,310</u>	<u>5,870,086</u>	<u>5,976,070</u>	<u>6,082,054</u>	<u>6,188,038</u>
<b>Stockholders Equity</b>					
Capital Stock	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Retained Earnings	<u>(22,100,033)</u>	<u>(18,128,777)</u>	<u>(11,630,238)</u>	<u>(2,624,263)</u>	<u>8,829,149</u>
	<u>\$3,668,277</u>	<u>\$7,741,308</u>	<u>\$14,345,831</u>	<u>\$23,457,791</u>	<u>\$35,017,187</u>
Liabilities and Stockholders Equity	<u>\$3,668,277</u>	<u>\$7,741,308</u>	<u>\$14,345,831</u>	<u>\$23,457,791</u>	<u>\$35,017,187</u>

**Pro Forma Cash Flow Projection  
For the Periods Ending**

<u>Month</u>	<u>12/31/99</u>	<u>03/31/00</u>	<u>06/30/00</u>	<u>09/30/00</u>	<u>12/31/00</u>	<u>03/31/01</u>	<u>06/30/01</u>	<u>09/30/01</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net Operations (Losses)	(\$1,665,990)	(\$2,253,480)	(\$2,939,505)	(\$6,211,720)	(\$5,662,772)	(\$3,762,541)	(\$1,759,490)	\$198,788
Adjustment to reconcile net cash provided by operating activities								
Depreciation	1,000	2,250	3,900	6,000	7,500	8,500	9,000	9,500
(Increase) in Other Assets	(2,000)	(2,000)	(15,000)	0	0	0	0	0
Increase in Accounts Payable	12,500	66,924	166,816	93,372	70,020	82,944	82,944	82,944
Increase in Payroll Liabilities	9,500	2,096	10,129	3,379	961	744	62	31
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(1,644,990)</b>	<b>(2,184,210)</b>	<b>(2,773,661)</b>	<b>(6,108,969)</b>	<b>(5,584,291)</b>	<b>(3,670,353)</b>	<b>(1,667,484)</b>	<b>291,263</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Office Equipment	20,000	25,000	33,000	42,000	30,000	20,000	10,000	10,000
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>20,000</b>	<b>25,000</b>	<b>33,000</b>	<b>42,000</b>	<b>30,000</b>	<b>20,000</b>	<b>10,000</b>	<b>10,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Capital Contributions	5,000,000	5,000,000	5,000,000	5,000,000	0	0	0	0
Line of Credit	0	0	0	0	5,000,000	0	0	0
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET INCREASE (DECREASE) IN CASH)</b>	<b>3,335,010</b>	<b>2,790,790</b>	<b>2,193,339</b>	<b>(1,150,969)</b>	<b>(614,291)</b>	<b>(3,690,353)</b>	<b>(1,677,484)</b>	<b>281,263</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>0</b>	<b>3,335,010</b>	<b>6,125,800</b>	<b>8,319,140</b>	<b>7,168,171</b>	<b>6,553,880</b>	<b>2,863,527</b>	<b>1,186,043</b>
<b>CASH AT END OF PERIOD</b>	<b>\$3,335,010</b>	<b>\$6,125,800</b>	<b>\$8,319,140</b>	<b>\$7,168,171</b>	<b>\$6,553,880</b>	<b>\$2,863,527</b>	<b>\$1,186,043</b>	<b>\$1,467,306</b>



**Pro Forma Cash Flow Projection  
For the Periods Ending**

<u>Month</u>	<u>12/31/01</u>	<u>03/31/02</u>	<u>06/30/02</u>	<u>09/30/02</u>	<u>12/31/02</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net Operations (Losses)	\$1,956,677	\$3,971,255	\$6,498,539	\$9,005,976	\$11,453,412
Adjustment to reconcile net cash provided by operating activities					
Depreciation	9,750	10,000	10,250	10,500	10,750
(Increase) in Other Assets	0	(3,000)	0	0	0
Increase in Accounts Payable	82,944	98,304	105,984	105,984	105,984
Increase in Payroll Liabilities	0	3,472	0	0	0
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>2,049,371</b>	<b>4,080,031</b>	<b>6,614,773</b>	<b>9,122,460</b>	<b>11,570,146</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Office Equipment	5,000	5,000	5,000	5,000	5,000
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Capital Contributions	0	0	0	0	0
Line of Credit	0	0	0	0	0
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>2,044,371</b>	<b>4,075,031</b>	<b>6,609,773</b>	<b>9,117,460</b>	<b>11,565,146</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>1,467,306</b>	<b>3,511,677</b>	<b>7,586,708</b>	<b>14,196,481</b>	<b>23,313,941</b>
<b>CASH AT END OF PERIOD</b>	<b>\$3,511,677</b>	<b>\$7,586,708</b>	<b>\$14,196,481</b>	<b>\$23,313,941</b>	<b>\$34,879,087</b>

**LIGHTNETWORKS, INC.**  
**EXHIBIT III**  
**MANAGERIAL CAPABILITY**

**LIGHTNETWORKS, INC.**

**EXHIBIT IV**

**TECHNICAL CAPABILITY**

## **TECHNICAL CAPABILITY**

The company intends to provide local exchange service in Florida as a reseller of the bundled and unbundled network elements incumbent local exchange companies. LightNetworks, Inc. will rely on its facilities-based underlying carriers for the operation and maintenance of the local exchange network. The company will use only reputable underlying carriers to ensure that high quality service is provided to customers. Key managers of LightNet have extensive backgrounds in telecommunications and are well-qualified to oversee the implementation of switches and network components necessary for successful local operations. Mr. Burgstinger brings 35 years of experience, including recent experience as the Director of Operations of a CLEC which operated in 38 cities. This recent experience is backed up with 35 years of engineering and operations experience with the Bell System. Mr. Kirby also brings extensive Bell System experience to his planning position as LightNet. The Chief Technical Office, Mr. Timm, is intimately familiar with the switching systems that will be deployed because of his positions with Lucent Technologies.

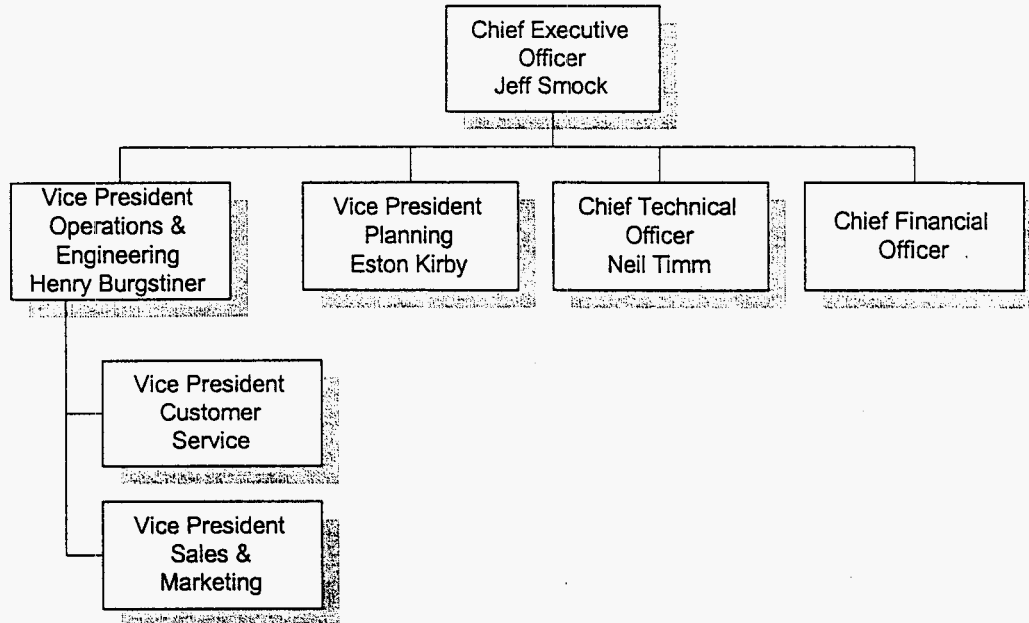
Access to 911 emergency service will also be provided via the facilities of the underlying local exchange company. The company will use only reputable underlying carriers to ensure that high quality service is provided to customers.

LightNetworks' services will satisfy the minimum standards established by the Florida Public Service Commission. The Company will file and maintain tariffs in the manner prescribed by the Commission and will meet the minimum basic local standards, including the quality of service and billing standards required of all LECs regulated by the Commission.

As the foregoing illustrates, LightNetworks possesses considerable telecommunications expertise and is well qualified to provide local exchange service in Florida.

The profiles of key personnel provided in Exhibit III of this application provide further explanation of the company's technical capability to successfully provide local services.

# LightNetworks



## Management

**Chief Executive Officer:** Jeff Smock is the CEO and Founder of LightNetworks. Prior to starting LightNetworks, Mr. Smock served as Vice President of Business Planning and Corporate Secretary at Ernest Communications, Inc. (ECI). While at ECI he was responsible for establishing the company as a CLEC in 13 cities and deployment of networks in the cities. It was at ECI that he garnered the CLEC experience necessary to take one to actually providing service. Prior to his work at ECI, he acted as Vice President of Strategic Alliances at San Francisco based CCALL.COM a financial reporting Company that provided real-audio formatted conference calls over the Internet for analyst and public traded companies.

**Vice President of Operations and Engineering:** Henry Burgstiner comes to LightNetworks with 35 years of telecommunications experience. He recently worked a publicly traded CLEC operating 38 cities. He was the companies Director of Operations and was responsible for the companies planning, deployment, provisioning, and maintenance of its markets. Mr. Burgstiner retired from BellSouth with 30 years of operations and engineering experience.

**Vice President of Planning:** Eston Kirby comes to LightNetworks with 30 plus years of telecommunications experience, with management assignments in network, engineering and consulting. He worked with BellSouth until 1996 and has since held positions with a private telecommunications consulting firm and with BlueStar Communications, in Nashville, TN. His work experience in the last 8-10 years has been in the area of product marketing, provisioning, CLEC consulting services and planning collocation services with ILEC's.

**Chief Technical Officer:** Neil Timm is the CTO and comes to LightNetworks from Lucent Technologies. Mr. Timm has held his position with Lucent Technologies and Laboratories, conducting research and testing Central Office Switch and Transmission Technologies.

**Chief Financial Officer:** This individual will be responsible for the accounting operation of the Company. This individual must understand the nuances of a technology based company and be a Certified Public Accountant (CPA). This individual has been identified and will join LightNetworks in the first quarter, 2000.

**Vice President of Sales and Marketing:** LightNetworks is currently evaluating candidates for this position. A person will be identified by early December, 1999.