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MONICA R. BORNI
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Of Counsel

February 10, 1998

Via Airborne Express

Florida Public Service Commission
Division of Communications
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866

DEPOSIT DATE
D7 11 - **FEB 12 1998**

Re: State Communications, Inc. D/B/A
State Phone Company
Application to provide A-LEC Service

980230-TV

Dear Sir:

Enclosed herewith for filing please find an original and six (6) copies of the Application of State Communications, Inc. d/b/a State Phone Company for certification to provide alternative local exchange service within the State of Florida along with a check in the amount of \$250.00 in payment of the filing fee.

An additional copy of the Application has been attached to be date stamped and returned to the undersigned in the stamped self-addressed envelope.

Should you have any questions do not hesitate to call

Sincerely,



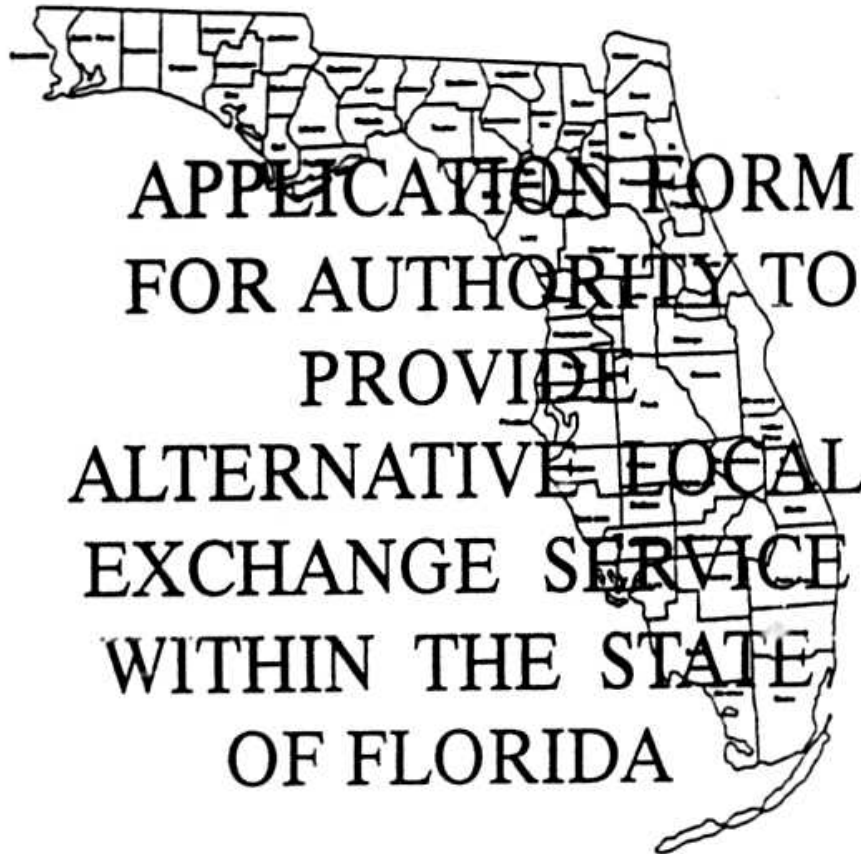
Leon L. Nowalsky

RECEIVED
FEB 12 8 00 AM '98
REGISTRATION
MAY Houser

DOCUMENT NUMBER - DATE

02157, FEB 12 88

FPSC-RECORDS/REPORTING



APPLICATION FORM
FOR AUTHORITY TO
PROVIDE
ALTERNATIVE LOCAL
EXCHANGE SERVICE
WITHIN THE STATE
OF FLORIDA

**FLORIDA PUBLIC SERVICE COMMISSION
CAPITAL CIRCLE OFFICE CENTER - 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850**

**APPLICATION FORM
for**

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

INSTRUCTIONS

1. 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.
 2. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
 3. Use a separate sheet for each answer which will not fit the allotted space.
 4. If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Communications, Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866
(904) 413-6600**
 5. 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.
-

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 of assignment of existing certificate (to a noncertificated company)

Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

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:

State Communications, Inc.

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

State Phone Company

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

Fictitious name registration number: not applicable

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

200 North Main Street, Suite 303
Greenville, South Carolina 29601
Telephone: (864) 233-5517

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

Not applicable.

6. Structure of organization:

- | | |
|---|--|
| <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 _____ |

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

Not applicable.

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 or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

NOT APPLICABLE

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

Corporate charter number: 79800000701

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.

Shaler Houser, CEO Telephone: (864) 233-5517
200 North Main Street, Ste. 303 Facsimile: (864) 250-0204
Greenville, SC 29601

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

Applicant has an application pending in Kentucky.

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

-No.-

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. A customer can file a service complaint in one of two ways:
1. By filing a written complaint addressed to Customer Service Department at 200 N. Main Street, Ste. 303, Greenville, SC 29601 or 2. Calling the customer service number (800) 249-2735 to make an oral complaint.

15. Please complete and file a price list in accordance with Commission Rule 25-24.825. SEE EXHIBIT "D" ATTACHED

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. See Exhibit "A" attached.

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:

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 "B" attached.

C. Technical capability. See Exhibit "C" attached.

(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, described in detail the difference.)

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:  _____
Signature

2/01/98
Date

Title: Shaler Houser
CEO

(864) 233-5517
Telephone Number

Address: 200 North Main Street, Ste. 303
Greenville, South Carolina 29601

EXHIBIT A

FINANCIAL CAPABILITY

- A.) SUMMARY
- B.) BALANCE SHEET
- C.) THREE (3) YEAR PROJECTIONS
- D.) CREDIT REFERENCES

EXHIBIT A
FINANCIAL CAPABILITY

State Communications, Inc. (State) is a start-up company having only been incorporated in 1997. However, the founding shareholders have invested approximately \$800,000.00 in start-up capital which should be enough capital to bring the company through the commencement phase of operations. A copy of the unaudited balance sheet of State has been attached hereto. No income statement has been provided because the company has presently not commenced operations.

State intends to initially operate as a reseller of the local services of the incumbent local exchange thereby limiting the amount of capital expenditures necessary to operate and allowing State to achieve profitability faster than would ordinarily be possible. However, State reserves the right to provide facility based local exchange service once the economics of the industry justify an approach and sufficient capital is available for State to compete as a facility provider.

The lease of office space and equipment will be guaranteed by the principals of State and State will not have any difficulty in meeting its lease or ownership obligations.

Credit references for both State and its principals have been attached as further evidence of State's ability to meet its financial obligations.

State Communications, Inc.
Balance Sheet
November 15, 1997

ASSETS

Cash		\$ 800,000
Property, Plant & Equipment		
Furniture & Fixtures	-	
Computer Equipment	-	
	<u> </u>	
Accumulated Depreciation	-	
Net Property, Plant & Equip	<u> </u>	-
Other Assets		<u> </u>
Total Assets		<u> </u> <u>\$ 800,000</u>

Liabilities & Shareholder's Equity

Other Liabilities		<u> </u>
		-
Total Liabilities		-
Shareholder's Equity:		
Common Stock		800,000
Retained Earnings		<u> </u>
		-
Total Shareholder's Equity		800,000
Total Liabilities & Shareholder's Equity		<u> </u> <u>\$ 800,000</u>

Ivey Square
20 S. Main St.
Greenville, SC 29601

February 2, 1998

To Whom it may concern :

State Communications, Inc. is a primary tenant of Ivey Square, a commercial office building comprising approximately 60,000 square feet in the downtown business district of Greenville, South Carolina. The principals of State Communications have shown a honest and diligent manner in all lease negotiations, construction process and tenure as a tenant. All financial considerations and guaranties have been made in a timely and consistent fashion. Ivey Square has been rewarded in our association with State Communications, Inc. and we look forward to a long relationship.

Sincerely,

Philip J. Wilson
President
Ivey Square

WACHOVIA

Wachovia Bank, N.A.
Post Office Box 969
Greenville, South Carolina 29603

February 2, 1998

State of Florida
Public Service Commission

RE: State Communications, Inc.

To Who It May Concern:

This letter is for the purpose of providing a customer reference for State Communications, Inc. State Communications has been a customer of our corporate bank since November 1997. The company currently has three active accounts with Wachovia and an overnight investment account with balances in the mid six-figure range. Additionally, direct credit has been extended to the company in the low six-figure range. The company has handled banking matters in a very satisfactory manner since accounts were opened in 1997.

The bank has plans to expand its banking relationship with State Communications over the next year to include both credit and cash management services. This company is a customer in good standing with Wachovia Bank, N.A.

Please feel free to contact me at (864) 239-1938 if any additional information is required.

Sincerely,



Kenneth M. Zeimet
Vice President
Corporate Banking

EXHIBIT B

MANAGERIAL CAPABILITY

A.) SUMMARY

B.) RESUMES

EXHIBIT B
MANAGERIAL CAPABILITY

State's senior management team is highly skilled, having acquired considerable experience in the telecommunications industry (See attached resumes of principals).

Management was instrumental in the organization of Corporate Telemanagement Group, Inc. (CTGI) an interexchange carrier that was certified in Florida and was recently sold to LCI International, Inc.

The marketing and business strategies developed by management in past successful ventures have resulted in substantial revenue growth and financial performance and management intends to employ these marketing and business strategies in connection with State.

The success of the past ventures that management has been involved in is clear evidence that State possesses the managerial qualifications required to provide service in Florida.

SHAY HOUSER – Chairman & CEO

Shaler Houser has almost seven years telecommunications experience specializing in research, product and corporate development, and Finance. Mr. Houser, has served in numerous capacities including Director of Product Development and Director of Business Development for Corporate Telemanagement Group, Inc. and, in various capacities with LCI International covering International Development and Carrier Sales.

Most recently, Mr. Houser co-founded and served as Senior Vice President of Seruus Ventures, a telecommunications venture capital and investment banking company.

EXPERIENCE

Mr. Houser co-founded the capital placements and strategy for Seruus Ventures, a venture capital fund for emerging telecommunications companies. Mr. Houser has overseen the investments in numerous CLEC, long distance, and other telecom organizations. Through the Seruus Advisors affiliate, Mr. Houser has been involved in dozens of telecommunications mergers and acquisitions.

From 1991 to 1995 Mr. Houser was responsible for Corporate Telemanagement Group's international sales and marketing efforts in Central America, where he was point of contact for the Central American agents. He was in charge of CTG's Carrier Sales where revenues grew over 500% in less than one year. Mr. Houser has experience in third party verified telemarketing, as he designed CTG's telemarketing system which resulted in over 5,000 new orders per month. Mr. Houser's earlier roles were in network design where he assisted in the daily maintenance of the CTG network. He also attended Bellcore training for network switching systems as well as research compilation for PCS systems.

Mr. Houser's early affiliations include co-founding, while still a student at The Citadel, Carolina Graphics and Print, a collegiate printed apparel marketing company.

EDUCATION

Mr. Houser received his Bachelor of Arts, with emphasis on Law and Criminal Justice, from The Citadel. Mr. Houser graduated with Dean's List Honors. Mr. Houser is a published author and speaker for various trade magazines (such as Phone + and X-Change) and trade shows. Most recently, Mr. Houser has authored numerous articles on telecommunications mergers and acquisitions as well as the emergence of the Competitive Local Exchange Market (CLEC).

Russell W. Powell - President

Russell Powell has seven (7) years of telecommunications experience as entrepreneur, investor, Vice President and Director of Sales for three (3) telecommunications companies. Mr. Powell served in numerous capacities with three highly regarded long distance and CLEC companies, Corporate Telemanagement Group, Inc (CTG), LCI International (LCI), and Business Telecom Inc. (BTI). Most recently, Mr. Powell served as Vice President of Sales for BTI.

EXPERIENCE

After graduating from the Citadel, Mr. Powell served as Sales Manager for Corporate Telemanagement Group (CTG) dealer sales division. Mr. Powell was responsible for recruitment of new dealers in the Western United States. Within six months, the Western Division grew to be CTG's fastest growing area. In 1993, Mr. Powell was promoted to Director of Sales and managed CTG's Southeast U.S. division. For 19 consecutive months, Mr. Powell's region ranked as the fastest growing region for CTG. IN 1995, Mr. Powell was promoted to National Director of Sales for CTG and was responsible for \$60,000,000 in annual revenues. Mr. Powell managed the dealer division for CTG, having six divisions reporting to him.

In late 1995, CTG was sold to LCI International and Mr. Powell served as the director of dealer sales for the 40 state region in LCI's CT Division. Mr. Powell managed over \$70,000,000 in annual revenues for LCI. From October 1995 until August 1997, Mr. Powell's divisions ranked #1 for 22 out of 26 months. Mr. Powell received both President's Club Honors and Chairman's Club Honors for LCI International.

In September 1997, Mr. Powell became Vice President of Sales for BTI, a \$250 million long distance and CLEC provider. Mr. Powell managed approximately \$75,000,000 in annual sales for BTI and doubled monthly sales in less than two months. In December 1997, Mr. Powell accepted the role as President of State Communications, Inc.

EDUCATION

Mr. Powell is a 1991 graduate of The Military College of South Carolina (The Citadel) with a BA in Business Administration.

Charles Houser - Vice President of Business Development

Charles L. Houser, 25, has over 4 years experience in both support and sales manager roles in the telecommunications industry.

Upon graduation from the University of South Carolina, Mr. Houser began his career with Corporate Telemanagement Group, Inc. (CTG). A long distance communications company that specialized in distributor sales, Mr. Houser performed various sales functions. Mr. Houser was in charge of handling all inside sales responsibilities for CTG's Western region. While serving CTG in this capacity, the Western region became the most productive amongst the company's thirteen (13) different regions.

In September of 1995, CTG was sold to LCI International, the nation's sixth largest long distance company, for over \$160 million dollars. While at LCI, Mr. Houser served as major account manager for the southeast region. Mr. Houser was responsible for generating sales off the existing customer base as well as holding attrition down to a minimum. Mr. Houser also played an instrumental role in the integration of the CTG customer base onto the LCI billing system. The CTG to LCI billing conversion lasted over one year. Mr. Houser remained at LCI in this position through September of 1997.

EXHIBIT C

TECHNICAL CAPABILITY

EXHIBIT C
TECHNICAL CAPABILITY

The success of management's past ventures in the 1+ resale business clearly demonstrates that management has the technical capability to provide local service initially on a resold basis and eventually as a facility based provider.

By initially providing local service on a resold basis, State's local traffic will be routed entirely over the networks of its underlying carrier. Consequently, the quality of service that State's local exchange customers receive will be at least equivalent to that provided by its underlying service providers.

g:\corporate\statecom\exhibits

EXHIBIT D

PRICE LIST

PRICE LIST

1. **Business Exchange Line Service**
 - A. **Monthly recurring charges - \$30.00**
 - B. **Optional features**
 1. **Call Waiting - \$2.25 per line/ per month**
 2. **Call Forwarding - \$2.25 per line/ per month**
 3. **Three-way calling - \$2.25 per line/ per month**
 4. **Speed dialing - \$2.25 per line/ per month**
 - C. **Non-recurring installation charges - \$45.00 per line**
2. **Residential Exchange line service**
 - A. **Monthly recurring charges - \$25.00**
 - B. **Optional features**
 1. **Call Waiting - \$2.25 per line/ per month**
 2. **Call Forwarding - \$2.25 per line/ per month**
 3. **Three-way calling - \$2.25 per line/ per month**
 4. **Speed dialing - \$2.25 per line/ per month**
 - C. **Non-recurring installation charges - \$45.00 per line**

NOWALSKY, BRONSTON & GOTHARD, L.L.P.
ATTORNEYS AT LAW

LIONEL NOWALSKY
BENJAMIN W. BRONSTON
EDWARD P. GOTHARD

3500 N. CAUSEWAY BOULEVARD
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MONICA R. BORN
JEFFREY T. GREENBERG
Of Counsel

February 10, 1998

Via Airborne Express

DEPOSIT DATE
D711 FEB 12 1998

Florida Public Service Commission
Division of Communications
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866

Re: State Communications, Inc. D/B/A
State Phone Company
Application to provide A-LEC Service

7802/30 1/2

Dear Sir:

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Should you have any questions do not hesitate to call.

Sincerely,

[Signature]

NOWALSKY, BRONSTON & GOTHARD, L.L.P. GENERAL ACCOUNT 3500 N. CAUSEWAY, SUITE 1442 METAIRIE, LA 70002 (504) 832-1984	JEFFERSON FEDERAL SAVINGS BANK GRETNA, LA 70053	2323
		2/9/98
PAY TO THE ORDER OF FLORIDA PUBLIC SERVICE COMMISSION	\$ **250.00	
Two Hundred Fifty and 00/100*****		
DOLLARS <input type="checkbox"/> Security features included. Details on back.		
DOCUMENT NUMBER - DATE		
02157 FEB 12 98		
MEMO FILING FEES - STATE COMMUNICATIONS	