

AAV/ALEC 4035
IXC 7112

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A Professional Limited Liability Company
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December 13, 2000

Monica Borne Haab
EllenAnn G. Sands
Bruce C. Betzer

VIA OVERNIGHT DELIVERY

Executive Secretary
Florida Public Service Commission
2540 Shumard Oak Drive
Tallahassee, FL 32399-0850

ORIGINAL

RECORDS AND
REPORTING

DEC 14 PM 12:38

RECEIVED-FPSC

001790-TP

Re: Application for Approval of Prepackaged Bankruptcy
Purchase Agreement by and among LS Communications,
Inc. and Columbia Telecommunications, Inc. d/b/a Axessa.

Dear Sir/Madam:

On behalf of LS Communications, Inc. and Columbia Telecommunications, Inc. d/b/a Axessa, enclosed please find an original and six (6) copies of the referenced Application.

Please date stamp and return the enclosed extra copy of this letter in the envelope provided as evidence of the filing.

Should you have any questions or require additional information, please do not hesitate to call. Thank you for your assistance with this matter.

Sincerely,



EllenAnn G. Sands

Enclosures

RECEIVED & FILED


FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

15992 DEC 14 8

FPSC-RECORDS/REPORTING

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF FLORIDA

APPLICATION FOR APPROVAL OF PREPACKAGED BANKRUPTCY PURCHASE AGREEMENT BY AND BETWEEN LS COMMUNICATIONS, INC. AND COLUMBIA TELECOMMUNICATIONS, INC. D/B/A AXESSA	CASE NO. <u>001790-TP</u>
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JOINT APPLICATION

LS Communications, Inc. ("LS") and Columbia Telecommunications, Inc. d/b/a Axessa ("Axessa"), pursuant to the applicable Statutes of this State and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby request Commission approval of Prepackaged Bankruptcy Purchase Agreement¹ (the "Agreement") whereby all existing shares of issued and outstanding Axessa stock will be cancelled and ownership of the business of and corporation known as Axessa will be transferred to LS and LS will become the sole shareholder of Axessa.² After the transaction, Axessa will continue to operate as it currently operates, but will become a wholly owned subsidiary of LS. The technical, managerial and financial personnel of LS, in addition to various current Axessa employees, will become the technical, managerial

¹ A draft copy of the Agreement is attached hereto as Exhibit "A." Consummation of this transaction is contingent upon the approval of the United States Bankruptcy Court, Eastern District of Louisiana, Case No. 00-15033.

² All existing shares of issued and outstanding Axessa stock will be cancelled and new shares will be issued in the name of LS.

and financial personnel of Axessa after this transaction.³ Axessa will continue to provide service under its present operating authorities, certifications and tariffs.

LS and Axessa hereby jointly seek Commission approval of the Agreement which will result in a change in ownership of the capital stock of Axessa. Commission approval of the Agreement will be beneficial to the involved companies as well as their customers, due to the addition of LS' financial strength which will result from the transaction. The transaction will ensure that there is no interruption of service to the present customers of Axessa. Approval of the Agreement will not in any way be detrimental to the public interests of this state. The customers of Axessa will continue to receive the same high quality service presently rendered to them, and there will not be any increase in their rates due to this transaction.

In support of this Application, Applicant shows the following:

I. THE PARTIES

1. Axessa is a privately held Delaware corporation with principal offices located at 1340 Poydras Street, Suite 350, New Orleans, Louisiana 70112. Axessa is a non-dominant carrier that provides intrastate, interstate and international long distance and local exchange services.

2. Axessa is authorized by the FCC to provide interstate and international services as a non-dominant carrier as well as local and intrastate interexchange service,

³ Resumes of LS's current management team are attached hereto as Exhibit "B."

pursuant to certification, registration or tariff requirements in nine (9) states. Axessa is a certificated carrier in this state.⁴

3. LS is a privately held Delaware corporation with principal offices located at 3003 Lakeland Cove, Suite C, Jackson, Mississippi 39208. LS does not possess any federal or state authorizations to provide telecommunications services.

4. The practical effect of the Agreement will be the transfer of ownership of Axessa to LS with LS becoming the sole shareholder of Axessa. All existing shares of issued and outstanding Axessa stock will be cancelled and new stock will be issued in the name of LS. After the transaction, Axessa will continue to operate as it currently operates but will be a wholly owned subsidiary of LS. Axessa will continue to operate as a regulated entity pursuant to its present certifications, registrations, tariff requirements and rate structures. The transaction will not affect Axessa, which will continue to operate as a regulated entity in this state pursuant to its present certifications, registrations, tariff requirements and rate structures and will be transparent to Axessa's customers.

II. DESIGNATED CONTACT

5. The designated contact for questions concerning this Application is:

EllenAnn G. Sands
Nowalsky, Bronston & Gothard, APLLC
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Facsimile: (504) 831-0892

with copies to:

⁴ Axessa provides telecommunications services in this state pursuant to authority granted in Certificate No. 4035, issued 6/13/95.

Tom Nolan
Columbia Telecommunications, Inc.
11715 Bricksome, Suite A6
Baton Rouge, LA 70816

and

Eric Lindstrom
LS Services, Inc.
3003 Lakeland Cove, Suite C
Jackson, MS 39208

III. REQUEST FOR PERMISSION TO CONSUMMATE THE AGREEMENT

6. At the present time Axessa is a regulated entities providing local as well as intrastate, interstate and international services to their respective customers. By virtue of this transaction, and the resulting acquisition of Axessa by LS, the combined companies will realize significant economic, marketing and administrative efficiencies. Copies of financial statements for LS are attached to this Application as Exhibit "C".

7. The parties submit that the Acquisition will accomplish the following:

- (a) The ownership of Axessa will be transferred to LS;
- (b) The shares of issued and outstanding Axessa stock will be cancelled and new shares will be issued in the name of LS;
- (c) Axessa will continue to operate as a regulated entity pursuant to its present certifications, registrations, tariff requirements and rate structures as provided by and pursuant to applicable law as a wholly owned subsidiary of LS.

8. The technical, managerial and financial personnel of LS, in addition to various current Axessa employees, will become the technical, managerial and financial personnel of Axessa after the transaction, and Axessa will continue to provide service to its customers with the same high level of expertise currently in place.

9. The practical effect of the transaction is a change in ownership of the common stock of Axessa. Axessa will continue to operate in all material respects as it presently operates. The Acquisition will be seamless and transparent to the customers of Axessa. As a result, the customers of Axessa will in no way be adversely impacted by the Acquisition.

IV. PUBLIC INTEREST CONSIDERATIONS

10. Critical to the Acquisition is the need to ensure the continuation of high quality service to all customers currently served by Axessa. The Acquisition will serve the public interest for the following reasons:

- (a) First, it will enhance the operating efficiencies, including market efficiencies, of the companies as they are combined.
- (b) Second, it will increase the appeal to present and potential customers as communications services will be provided in a more cost-effective manner due to greater buying power and lower transport costs.
- (c) Finally, it will allow the combined companies to provide a broader array of services to customers at competitive prices.

11. Accordingly, the Acquisition will serve to create a heightened level of operating efficiency and expanded service offerings which generally will serve to enhance the overall capacity of the combined companies to compete in the marketplace and to provide telecommunications services for customers in this state at competitive rates.

V. EXPEDITED TREATMENT

12. Applicants request expedited review and disposition of the instant Application in order to allow Applicants to consolidate their respective operations as soon as possible.

VI. CONCLUSION

13. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission, on an expedited basis, approve the Agreement and authorize LS and Axessa to consummate the Acquisition described above.

DATED this 13th day of December, 2000.

Respectfully submitted,

By:



EllenAnn G. Sands
Nowalsky, Bronston & Gothard, APLLC
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Facsimile: (504) 831-0892

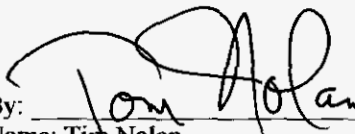
Counsel for LS Communications, Inc. and
Columbia Telecommunications, Inc. d/b/a
Axessa

STATE OF

COUNTY OF

VERIFICATION

I, Tom Nolan, am the President/CEO for Columbia Telecommunications, Inc. d/b/a Axessa., and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: Tim Nolan
Title: President/CEO

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this day of December, 2000.


Notary Public

My commission expires:

STATE OF Mississippi
COUNTY OF Jasper

VERIFICATION

I, Eric E. Lindstrom, am the Chief Executive Officer for LS Communications, Inc., and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: Eric E. Lindstrom
Name: Eric E. Lindstrom
Title: Chief Executive Officer

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 8th day of December, 2000.

Dorothy Sue James
Notary Public

My commission expires:

MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 7, 2001
BONDED THRU STEGALL NOTARY SERVICE

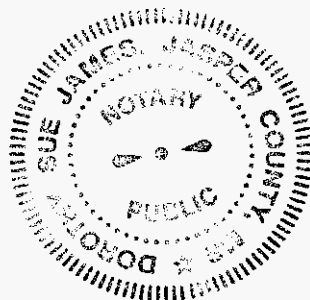


Exhibit A

Agreement

LETTER OF INTENT

ORIGINAL

This Letter of Intent (the "Agreement"), dated as of August 15, 2000 (the "Effective Date"), is by and between LS Communications, Inc., a Delaware corporation ("LSCI"), and Columbia Telecommunications, Inc. d/b/a/ Axessa, a Delaware corporation ("Axessa" or the "Company").

WHEREAS, sometime in early June 2000, Axessa approached Chris Eddy, ("Eddy"), about the possibility of Eddy assisting the Company in restructuring its business and affairs.

WHEREAS, the parties entered into that certain Letter of Intent dated on or about June 15, 2000 (the "Letter of Intent") which contemplated, among other things, a proposed restructuring of the Company's capital structure and the turnaround of the Company's business and operations.

WHEREAS, Eddy terminated the Letter of Intent pursuant to a letter from Eddy to Axessa dated on or about July 5, 2000 (the "Termination Letter").

WHEREAS, subsequent to its receipt of the Termination Letter, Axessa unsuccessfully continued to try to attract additional capital investment to fund its ongoing operations.

WHEREAS, as a result of its inability to raise additional capital, Axessa once again approached Eddy about the possibility of Eddy (or an entity to be created by Eddy) finding a suitor (the "Acquirer") and formulating a bankruptcy reorganization plan (the "Plan") in order to purchase the Company's assets and equity, without its liabilities (the "Acquisition"), to obtain the best possible payment to the Company's creditors and while keeping the Company's customers in continuous service.

WHEREAS, Eddy and other persons have formed Arieto Communications, Inc. ("Arieto") for purposes of pursuing an Acquirer, acting as a seller's agent and formulating the Plan.

WHEREAS, Arieto has found and obtained LSCI for purposes of formulating the Plan and pursuing the Acquisition, all as more fully described herein below.

WHEREAS, Axessa acknowledges that in pursuing the Acquisition and obtaining LSCI as an Acquirer, Arieto will be due a finders fee from Axessa of \$150,000.00 upon a closing of the sale.

WHEREAS, Axessa acknowledges that, in connection with formulating the Plan and pursuing the Acquisition, LSCI will incur significant expense, including but not limited to professional fees of lawyers, accountants and consultants.

NOW, THEREFORE, in consideration of the mutual representations and promises set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

A. THE ACQUISITION

1. LSCI hereby agrees to purchase, and Axessa hereby agrees to sell, all of the assets of, and all of the equity interests in, Axessa (the "Sale Assets") for the total consideration of:

- (a) \$50,000.00 in cash or other readily available funds and a \$165,000.00 promissory note payable over 3 years at 8% interest;
- (b) the release of all of Axessa's liabilities to Comdisco, Inc. in the approximate amount of \$2,400,000.00;
- (c) the release of all of Axessa's liabilities to Hibernia National Bank in the approximate amount of \$300,00.00;
- (d) the release of all of Axessa's post-petition liabilities to Bell South for breach of its contract with Axessa;
- (e) the payment to Arieto of the finders fee due from Axessa in the amount of \$150,000.00; and
- (f) the release of all of Axessa's liabilities for the DIP Financing Facility described in Section D below.

This purchase and sale (the "Sale") shall be on such other terms and conditions as are acceptable to LSCI, in its sole discretion, and as will be incorporated in the Plan. The sale shall be free and clear of any and all liabilities of Axessa.

2. The closing of the Sale ("Closing") shall occur as soon as practicable but in no event earlier than the first date upon which all of the following conditions are fulfilled:

- (a) The Bankruptcy Court in the Axessa bankruptcy proceeding renders a final, non-appealable judgment confirming a Plan providing for the Sale;
- (b) All telecommunications regulatory approvals in Louisiana and Mississippi necessary or appropriate to consummate the Sale have been obtained; and
- (c) All agreements and arrangements with third parties necessary to ensure a transparent transition of Axessa's customers to LSCI have been effected.

B. COMPETING TRANSACTIONS

In exchange for a payment of \$35,000, made contemporaneously with the execution of this Agreement, from LSCI to Axessa, the receipt and sufficiency of which is hereby acknowledged by Axessa, Axessa agrees that, for a period extending from the Effective Date through Closing, neither it nor anyone acting on its behalf will seek other offers for the sale of the Sale Assets, or any part thereof, in competition to the Sale agreement set forth herein. In the event that another offer is received, Axessa agrees that it will not accept, support, consider, entertain or submit to the Bankruptcy Court any such offer in competition to the one set forth herein (a "Competing Offer") unless such Competing Offer would produce at least an additional \$300,000.00 in cash or equivalent consideration and unless such Competing Offer otherwise conforms in all respects to the terms of the Sale. LSCI shall have the right to match any Competing Offer in order to prevail (*i.e.*, LSCI shall not be required to exceed such higher Competing Offer, only match it). In the event that another Competing Offer is approved by the Bankruptcy Court and Axessa's interest in the Sale Assets is sold to such higher bidder, Axessa agrees that it will pay to LSCI, from the proceeds at the closing of such sale, the sum of \$300,000.00, which the parties agree will compensate LSCI for the cost of its due diligence relating to this transaction. However, the fee required by the preceding sentence will in no way preclude Axessa from seeking damages arising from the breach the terms of any of Axessa's agreements with LSCI.

C. MANAGEMENT AGREEMENT

As soon as possible after the bankruptcy of Axessa is filed, Axessa will move the Bankruptcy Court for approval to retain LSCI as its manager and agent to manage Axessa's day-to-day business affairs during the pendency of the bankruptcy case. The terms and conditions of such management agreement (the "Management Agreement") shall be acceptable to LSCI, in its sole discretion, and shall be substantially in the form of the Management Agreement attached hereto as Exhibit A.

D. DEBTOR-IN-POSSESSION FINANCING

1. Upon approval of the Management Agreement and of the following financing facility by the Bankruptcy Court, LSCI agrees to provide to Axessa a working capital debtor-in-possession financing facility in an amount not to exceed \$500,000.00 (the "DIP Financing Facility"). Upon approval by the Bankruptcy Court, up to \$75,000.00 of the DIP Financing Facility shall be made available on an interim basis pending final Bankruptcy Court approval of the Management Agreement and the full DIP Financing Facility. The DIP Financing Facility shall be on such terms and conditions as are acceptable to LSCI, in its sole discretion. Advances thereunder are shall be used to meet Axessa's cash needs for ongoing operations. Advances shall bear interest at the rate of 12% and shall become due and payable upon the earlier to occur of the following:

- (a) Confirmation of a competing plan in the Axessa bankruptcy case;
- (b) Acceptance by Axessa of a Competing Offer;
- (c) Termination of the Management Agreement;
- (d) Conversion of the Axessa bankruptcy to a case under chapter 7 of the United States Bankruptcy Code; or
- (e) Appointment of a trustee or of an examiner with expanded powers in the Axessa bankruptcy case.

2. In order to secure the advances to be made under the DIP Financing Facility, Axessa will be required to grant LSCI a security interest in and to all of Axessa's real and personal property, including, without limitation, accounts receivable, customer accounts and lists, trademarks, patents, copyrights and other intellectual property rights, which security interest shall be junior only to properly perfected, pre-existing, pre-petition security interests. In addition to being secured, the obligations of Axessa to LSCI under the DIP Financing Facility shall have the highest priority as expenses of administration pursuant to the provisions of sections 503(b), 507(a)(1) and 364(c)(1) of the United States Bankruptcy Code.

3. As part of the consideration for the Sale, the amounts due under the DIP Financing Facility shall be released and forgiven by LSCI upon the Closing of the Sale.

E. MUTUAL COOPERATION

As soon as reasonably practicable after the commencement of Axessa's bankruptcy case, Axessa shall pursue diligently Bankruptcy Court approval of the Management Agreement, the DIP Financing Facility and a Plan incorporating the Sale agreement, all as set forth hereinabove. Axessa and LSCI shall cooperate and take any and all steps reasonably necessary and/or appropriate in order to obtain Bankruptcy Court approval of the foregoing.

F. GOVERNING LAW

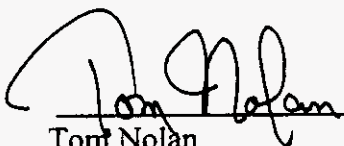
This Agreement shall be governed by, and shall be construed in accordance with, the internal laws of the State of Louisiana and shall supercede any and all prior agreements between the parties hereto on the matters set forth herein.

G. ASSIGNMENT

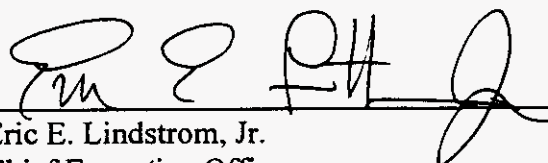
This Agreement may not be assigned by Axessa. LSCI may assign any of its rights under this agreement. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, heirs and assigns; otherwise, no third party shall be entitled to enforce the terms and/or conditions hereof.

WHEREFORE, the parties hereby execute this Agreement ,effective as of the date first written above.

COLUMBIA TELECOMMUNICATIONS, INC.
d/b/a AXESSA

By:  _____
Tom Nolan
President

LS COMMUNICATIONS, INC.

By:  _____
Eric E. Lindstrom, Jr.
Chief Executive Officer

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (this "Agreement") made as of the ____ day of August 2000, between LS-Services, Inc., a Delaware corporation ("Manager"), and Columbia Telecommunications, Inc. (d/b/a Axessa), a Delaware corporation ("Company").

RECITALS

A. Whereas Company operates a business including the provision of certain telecommunications services to its customers (the operations of the business to be referred to herein as the "Business"); and

B. Whereas Manager desires to provide the management services required by Company to continue the operation of the Business in accordance with the terms and provisions hereof.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein set forth, the parties agree as follows:

AGREEMENT

1. **Appointment of Manager.** Company hereby appoints and employs Manager, as an independent contractor, as Company's sole and exclusive agent to supervise, direct and control the management and operation of the Business. The Manager accepts this appointment and agrees to manage the Business during the term of this Agreement in accordance with the terms and conditions hereinafter set forth. The performance of all activities by the Manager hereunder shall be for the account of the Company.

2. **General Responsibility and Authority.** Manager shall be authorized to perform all business, administrative and management services and to take all actions necessary for the management and operation of the Business. Such services shall include the institution of legal actions in the name and at the expense of Company. Management shall perform its duties and responsibilities hereunder in a commercially reasonable manner consistent with industry standards and regulations of the United States Bankruptcy Code.

3. **Bankruptcy Provisions.** Notwithstanding the provisions of Section 2, Company shall have full responsibility and commensurate authority to act as debtor and debtor-in-possession in the Bankruptcy. Manager shall cooperate and coordinate with the Company to enable Company to carry out its responsibilities in the Bankruptcy.

4. **Company Contracting.** Company shall not, without the prior written consent of Manager, have any right or authority to enter into any contracts or other

agreements with third parties relating to the Company, its operation or otherwise binding upon Manager.

5. **Expenses.** All costs and expenses of the ownership and operation of the Business, inclusive of all costs and expenses as may be incurred by Manager pursuant to this Agreement, shall be the sole and exclusive responsibility of Company. Manager shall not be required to make any advance or payment to or for the account of Company except out of available revenues of the Business, and the Manager shall not be obligated to incur any liability or obligation for Company's account without assurance that necessary funds for the discharge thereof will be provided by Company.

6. **Term.** This Agreement shall continue in full force and effect for an initial term of six (6) months. Manager shall have a right to terminate this Agreement at any time with or without cause upon 10 days notice.

7. **Defaults.**

a. The following shall constitute events of default:

(1) The failure of either party to make any payment when due in accordance with the terms hereof;

(2) The failure of either party to perform, keep or fulfill any of the covenants, undertakings, obligations or conditions set forth in this Agreement; and

(3) Upon the occurrence of any event of default under the DIP financing facility provided to Company by LS Communications, Inc., Manager may immediately terminate this Agreement.

b. Upon occurrence of any event of default, the non-defaulting party may give the defaulting party notice of its intention to terminate this Agreement for a default. This Agreement shall terminate (i) after the expiration of a period of ten days from the date of such notice with respect to a default which can be cured merely by the payment of money unless the amount is paid within the ten days, or (ii) after the expiration of a period of 30 days from the date of such notice with respect to a default which cannot be cured by the mere payment of money unless such default is cured within such 30 day period.

8. **Agency.** The relationship of Company and Manager shall be that of principal and agent, and nothing contained in this Agreement shall be construed to create a partnership or joint venture between them or their successors in interest.

9. **Assignment.** The Manager shall not assign, transfer or permit the assignment or transfer of its interest in this Agreement without the prior written consent of Company.

10. **Compensation of Manager.** For and in consideration of the services rendered by Manager in the management and operation of the Business, Manager shall be compensated \$50,000.00 per month. The management fee shall be computed monthly and paid to Manager out of the Company account within ten (10) days of computation of such amount.

11. **Insurance.** Company shall, at its own expense, at all times procure and maintain adequate public liability, indemnity and property insurance.

12. **Indemnification.**

- a. Manager hereby agrees to indemnify and save Company harmless from and against any and all costs, expenses, attorneys' fees, suits, liabilities, and damages arising from or connected with or arising out of any intentional misconduct or gross negligence on the part of Manager in the management of the Business by Manager.
- b. Manager hereby agrees to indemnify and save Company harmless from and against any and all costs, expenses, attorneys' fees, suits, liabilities, and damages arising from or connected with or arising out of any misconduct or negligence on the part of Manager in the management of the Business by Manager.

13. **Notices.** Whenever any notice is required or permitted to be made hereunder, it shall be deemed given when deposited in the United States mail, certified, return receipt requested to the following addresses:

Company: Columbia Telecommunications, Inc.
1340 Poydras Street, Suite 350
New Orleans, Louisiana 70112
Attention: Tim Nolan

Manager: LS Services, Inc.
3003 Lakeland Cove, Suite C
Jackson, MS 39208
Attention: Wade Spooner

14. **Governing Law.** This Agreement shall be construed under and governed by the laws of Louisiana.

15. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors in interest and permitted assigns (to the extent and as modified by the terms of this Agreement).

16. **Entire Agreement.** This Agreement, together with any exhibits attached hereto, contains the entire agreement between the parties and may not be modified in any manner whatsoever, except by an instrument in writing signed by the parties hereto. There are no representations, warranties, or other covenants except as herein set forth.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized agents on the day and year first written above.

Company:
Columbia Telecommunications, Inc.

By: Exhibit
Name: Tom Norton
Its: President

Manager:
LS-Services, Inc.

By: Exhibit
Name: Eric E. Lindstrom
Its: CEO

Exhibit B

Resumes

LS COMMUNICATIONS, INC.

ERIC E. LINDSTROM, JR., CHAIRMAN/CHIEF EXECUTIVE OFFICER:

Formerly Executive Vice President, Chief Financial Officer, and Corporate Counsel for several entities held by Fail telecommunications Corporation, an RLEC and CLEC holding company operating approximately 20,000 access lines. Mr. Lindstrom has over 12 years of international and domestic business experience and, since 1994, has been extensively involved in the RLEC industry. Mr. Lindstrom's RLEC and CLEC experience includes being given the responsibility for the management, planning and development of three RLECs, including deployment of broadband services, and all aspects of GulfPines Communications LLC, a startup resale and facilities based CLEC. In addition to his RLEC activities, Mr. Lindstrom was part of a small group that organized in 1998 a federally chartered banking institution, the First National Bank of the Pine Belt (FNBPB), and presently serves on its Board of Directors. Mr. Lindstrom is actively involved in his community and church, coaching girl's soccer and basketball. Mr. Lindstrom is a graduate of the University of Mississippi, receiving a Bachelor of Arts degree in Accounting, a Juris Doctorate degree from the University of Mississippi School of Law, and a Master of Law (LL.M Tax) from New York University School of Law. Mr. Lindstrom is a licensed attorney and Certified Public Accountant.

WADE SPOONER, DIRECTOR, PRESIDENT/CHIEF OPERATING OFFICER:

Formerly President of NexBand Communications, Inc. and GulfPines Communications, LLC. Mr. Spooner has 19 years of business management experience including 9 years of extensive telecommunications experience. Mr. Spooner served for 2 years as Director of Technical Operations with ITC^DeltaCom, Inc., a publicly traded CLEC and fiber optic network provider. Prior to his position with ITC^DeltaCom, he served 7 years as Chairman and CEO of IT Group Communications Company, a competitive long-distance company. While with IT Group, Mr. Spooner developed and managed all facets of the company including finance, accounting, legal and regulatory, network, OSS and investor relations. IT Group was subsequently acquired by ITC^DeltacCom where Mr. Spooner was responsible for integrating the acquired systems and networks in addition to directing technical operations for the company. Mr. Spooner received a B.S. Engineering degree from Mississippi State University.

ROBERT ADKISSON, DIRECTOR, ACQUISITIONS CONSULTANT:

Chief RLEC Consultant and acquisition specialist. Mr. Adkisson is President of GVNW Consulting, Inc. and is responsible for overseeing the operations and strategic direction of GVNW. GVNW is an industry leading consulting firm with offices in 4 states and providing services to over 200 clients throughout the world. Mr. Adkisson has over 20 years experience in the rural telephone industry and prior to joining GVNW in 1979, held positions at Centel and Lincoln Telephone Company. He has been involved in all facets of service to RLECs and has been extensively involved in a number of sales and mergers of RLECs, lending his expertise to clients interested in acquiring and selling telephone property, including Valor Communications purchase of over 500,000 access lines from GTE. Mr. Adkisson is a graduate of the University of Nebraska at Lincoln and holds a Bachelor of Science Degree in Business Administration with

Exhibit C

Financials

LS Communications, Inc.
Balance Sheet
August 31, 2000

	<u>2000</u>
<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 1,149,622
Subscriptions receivable	792,500
Other	35,000
Total current assets	<u>1,977,122</u>
Non-current Assets	
Property, plant and equipment, net	114,410
Investment in subsidiary	1,497,581
Total non-current assets	<u>1,611,991</u>
Total assets	<u>\$ 3,589,113</u>
<u>LIABILITIES AND EQUITIES</u>	
Current Liabilities	
Accounts payable	\$ 24,875
Accounts payable - subsidiary	1,000,125
Lease payable	46,832
Accrued expenses	43,538
Other	-
Total current liabilities	<u>1,115,370</u>
Common Shareholders' Equity	
Common stock subscribed	3,000 *
Additional paid in capital subscribed	2,997,000 *
Common stock	17,400
Additional paid in capital	32,600
Retained earnings	(576,257)
Total Shareholders' equity	<u>2,473,743</u>
Total Liabilities and Shareholders' Equity	<u>\$ 3,589,113</u>

* Common stock subscribed and Additional paid in capital subscribed reflect the equity subscriptions from shareholders received as of August 31, 2000. The actual amount of Common stock subscribed and Additional paid in capital subscribed are subject to the shareholders reaffirming their subscription documents and the Shareholder's documents being accepted by the Company.

This statement is internally prepared and unaudited.

LS Communications, Inc.
Statement of Operations
For the three months ending August 31, 2000

	<u>2000</u>
Business Revenues	
Total Buss. Revenues	\$ -
Total Cost of Services	<u>-</u>
Business Gross Profit	-
Residential Revenues	
Total Res. Revenues	-
Total Cost of Services	<u>-</u>
Residential Gross Profit	-
Ilec Revenues	
Total Ilec Revenues	-
Total ILEC Cost of Services (w/o D&A)	<u>-</u>
ILEC Gross Profit	-
Gross Profit	-
Expenses	
Network	
Equipment Room Lease	-
Equipment Lease	-
Network Maintenance	-
Co Location Space Expense	-
Circuits	<u>-</u>
Total Network Expense	-
Salary and Commissions	
Salaries	155,466.59
Commissions	<u>-</u>
Total Salary and Commissions	155,466.59
General and Administrative	
Administration	1,206.36
Advertising	8,863.58
Contract Services	27,534.99
Dues & Subscriptions	1,533.76
Employee Benefit	5,324.09
Insurance	12,153.70
Legal and Regulatory	2,243.00
Lodging	10,094.04
Meals and Entertainment	2,976.22
Miscellaneous	681.40
Office Equipment	5,994.62
Postage and Shipping	3,560.36
Professional fees	51,491.00
Rent	600.00
Supplies	5,821.13
Taxes - Payroll	12,125.82
Telephone	5,570.22
Travel	<u>10,991.38</u>
Total General and Administrative	168,765.67
Total Operating Expenses	<u>324,232.26</u>
Other income (expense) -	
Equity in net earnings of subsidiaries	<u>(252,977.09)</u>
EBITDA	(577,209.35)
Depreciation, Interest and Taxes	
Depreciation/Amortization	733.00
Interest Income/(Expense)	1,685.00
Income Taxes	<u>-</u>
Total Depreciation, Interest and Taxes	2,418.00
Net Income (loss)	\$ <u><u>(576,257.35)</u></u>

This statement is internally prepared and unaudited.

LS Communications, Inc.
Statement of Cash Flows
For the three months ended August 31, 2000

	<u>2000</u>
Cash flows from operating activities:	
Net income	\$ (576,257.35)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	-
Working capital adjustments:	
(Increase) decrease in receivables	(1,292,500.00)
(Increase) decrease in inventory	-
(Increase) decrease in other current assets	(35,000.00)
(Decrease) increase in accounts payable	1,025,000.00
(Decrease) increase in lease payable	46,831.88
(Decrease) increase in accrued expenses	43,538.48
(Decrease) increase in other current liabilities	-
(Increase) decrease in other long term assets	-
(Increase) decrease in tax loss carryforward	-
	<u> </u>
Cash provided by (used for) operating activities	(788,386.99)
Cash flow generated from investing activities:	
Capital Expenditures	(114,410.18)
Investment in subsidiaries	<u>(1,497,581.00)</u>
Cash provided by (used for) investing activities	(1,611,991.18)
Cash flow generated from financing activities:	
(Decrease) increase in debt	-
(Decrease) increase in common stock	3,550,000.00
Dividends paid	<u> </u>
Cash provided by (used for) financing activities	3,550,000.00
Net increase (decrease) in cash	1,149,621.83
Cash balance, beginning	-
	<u> </u>
Cash balance, ending	\$ <u><u>1,149,621.83</u></u>

This statement is internally prepared and unaudited.

LS-One, Inc.
Balance Sheet
August 31, 2000

	<u>2000</u>
<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 66,117
CD-Restricted	50,000
Accounts receivable - parent	1,000,125
Other	4,325
Total current assets	<u>1,120,567</u>
Non-current Assets	
Property, plant and equipment, net	400,528
Other	-
Total non-current assets	<u>400,528</u>
Total assets	<u>\$ 1,521,095</u>
<u>LIABILITIES AND EQUITIES</u>	
Current Liabilities	
Accounts payable	\$ 20,088
Accrued expenses	3,427
Notes payable	-
Other	-
Total current liabilities	<u>23,514</u>
Common Shareholders' Equity	
Common stock	1,000
Additional paid in capital	1,749,558
Retained earnings	(252,977)
Total Shareholders' equity	<u>1,497,581</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,521,095</u>

This statement is internally prepared and unaudited.

LS-One, Inc.
Statement of Operations
For the three months ending August 31, 2000

	<u>2000</u>
Business Revenues	
Total Buss. Revenues	\$ -
Total Cost of Services	<u>752.21</u>
Business Gross Profit	(752.21)
Residential Revenues	
Total Res. Revenues	-
Total Cost of Services	<u>-</u>
Residential Gross Profit	-
Ilec Revenues	
Total Ilec Revenues	-
Total ILEC Cost of Services (w/o D&A)	<u>-</u>
ILEC Gross Profit	-
Gross Profit	(752.21)
Expenses	
Network	
Equipment Room Lease	-
Equipment Lease	-
Network Maintenance	-
Co Location Space Expense	-
Circuits	<u>-</u>
Total Network Expense	-
Salary and Commissions	
Salaries	167,960.02
Commissions	<u>-</u>
Total Salary and Commissions	167,960.02
General and Administrative	
Administration	848.82
Advertising	2,319.21
Insurance	11,591.45
Legal and Regulatory	2,239.29
Lodging	466.37
Meals and Entertainment	1,029.06
Miscellaneous Expenses	250.81
Office Equipment	1,431.27
Office Equipment - Lease	662.48
Postage and Shipping	181.63
Professional services	1,877.85
Recruiting and Moving	4,268.67
Rent	14,609.49
Supplies	4,148.81
Taxes - Payroll	13,628.07
Taxes and Licenses	771.25
Telephone	3,054.92
Travel	<u>2,496.41</u>
Total General and Administrative	65,875.86
Total Operating Expenses	<u>233,835.88</u>
EBITDA	(234,588.09)
Depreciation, Interest and Taxes	
Depreciation/Amortization	18,389.00
Interest Expense	-
Income Taxes	<u>-</u>
Total Depreciation, Interest and Taxes	18,389.00
Net Loss	<u><u>\$ (252,977.09)</u></u>

This statement is internally prepared and unaudited.

LS-One, Inc.
Statement of Cash Flows
For the three months ended August 31, 2000

	<u>2000</u>
Cash flows from operating activities:	
Net income	\$ (252,977.09)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and Amortization	-
Working capital adjustments:	
(Increase) decrease in receivables	(1,000,125.00)
(Increase) decrease in inventory	-
(Increase) decrease in other current assets	(54,325.00)
(Decrease) increase in accounts payable	20,087.52
(Decrease) increase in accrued expenses	3,426.54
(Decrease) increase in other current liabilities	-
(Increase) decrease in other long term assets	-
(Increase) decrease in tax loss carryforward	-
	<hr/>
Cash provided by (used for) operating activities	(1,283,913.03)
Cash flow generated from investing activities:	
Capital Expenditures	(400,528.00)
Acquisitions	-
	<hr/>
Cash provided by (used for) investing activities	(400,528.00)
Cash flow generated from financing activities:	
(Decrease) increase in debt	-
(Decrease) increase in common stock	1,750,558.07
Dividends paid	-
	<hr/>
Cash provided by (used for) financing activities	1,750,558.07
Net increase (decrease) in cash	66,117.04
Cash balance, beginning	-
Cash balance, ending	\$ <u><u>66,117.04</u></u>

This statement is internally prepared and unaudited.

EXHIBIT D

Prefiled Testimony

PREFILED TESTIMONY OF ERIC E. LINDSTROM, JR.
LS COMMUNICATIONS, INC.

- Q. Would you please state your name, title and business address for the record?
- A. Eric E. Lindstrom, Jr., Chief Executive Officer of LS Communications, Inc. ("LS"). Our offices are located at 3003 Lakeland Cove, Suite C, Jackson, MS 39208.
- Q. What is the purpose of your testimony?
- A. The purpose of my testimony is to describe the proposed Prepackaged Bankruptcy Purchase Agreement, whereby all existing shares of issued and outstanding Columbia Telecommunications, Inc. d/b/a Axessa ("Axessa") stock will be cancelled and ownership of the business of and corporation known as Axessa will be transferred to LS and LS will become the sole shareholder of Axessa (the "Acquisition").
- Q. Do LS and Axessa presently hold authority from the Commission?
- A. Axessa is a non-dominant carrier that provides intrastate, interstate and international long distance and local exchange services. Axessa is a certificated carrier in this state. LS does not possess any federal or state authorizations to provide telecommunications services.
- Q. Please describe the proposed prepackaged bankruptcy purchase agreement (the "Agreement").
- The practical effect of the Agreement will be the transfer of ownership of Axessa to LS with LS becoming the sole shareholder of Axessa. All of the issued and outstanding shares of Axessa stock will be cancelled and new stock will be issued in the name of LS. After the transaction, Axessa will continue to operate as it currently operates, but will be a wholly owned subsidiary of LS. Axessa will continue to operate as a regulated entity pursuant to its present certifications, registrations, tariff requirements and rate structures.
- Q. Will the separate existence of UCI continue after the Merger?
- A. Yes. After the transaction, Axessa will continue to operate as it currently operates, but will be a wholly owned subsidiary of LS. The practical effect of the transaction is a change in ownership of Axessa to LS. Axessa will continue to operate as it presently operates.

Prefiled Testimony of Eric E. Lindstrom, Jr.
LS Communications, Inc.

Q. How will the Acquisition affect Axessa's current customers in South Carolina?

A. The acquisition will be seamless and transparent to the customers of Axessa. The acquisition will serve to create a heightened level of operating efficiency and expanded service offerings which generally will serve to enhance the overall capacity of the combined companies to compete in the marketplace and to provide telecommunications services for customers in South Carolina at competitive rates.

The technical, managerial and financial personnel of LS, in addition to various current Axessa employees, will become the technical, managerial and financial personnel of Axessa after this transaction. LS has submitted as Exhibit "B" to the Application, resumes of LS's current management team.

Commission approval of the Agreement will be beneficial to the involved companies as well as their customers, primarily due to the addition of LS' financial strength which will result from the transaction. The transaction will ensure that there is no interruption in service to the present customers of Axessa. Approval of the Agreement will not in any way be detrimental to the public interest of this state. The customers of Axessa will continue to receive the same high quality of service presently rendered to them, and there will not be any increase in their rates due to this transaction.

Q. Is LS experienced and financially qualified to undertake this Acquisition?

A. Yes. LS has submitted as exhibit "C" to the Application its most recent financials.

Q. Does this complete your testimony at this time?

A. Yes, it does.