



NETWORK TELEPHONE

NOW YOU HAVE A CHOICE

January 26, 1998

DEPOSIT	DATE
D6 95	JAN 27 1998

090134 - TX

Florida Public Service Commission
 Secretary
 2540 Shumard Oak Boulevard
 Tallahassee, Florida 32399-0866

**RE: Application for Network Telephone, Incorporated to Provide
 Alternative Local Exchange Service Within the State of Florida**

Dear Sir or Madam:

Enclosed herewith for filing please find an original and six (6) copies of its Application for Authority to Provide Alternative Local Exchange Services within the State of Florida. Also, please find our check in the amount of \$250.00 made payable to the Florida Public Service Commission to cover filing fees.

Please date-stamp the extra copy and return to the undersigned in the self-addressed stamped envelope provided. If you have any questions, please contact me at (850) 432-4855.

Respectfully submitted,

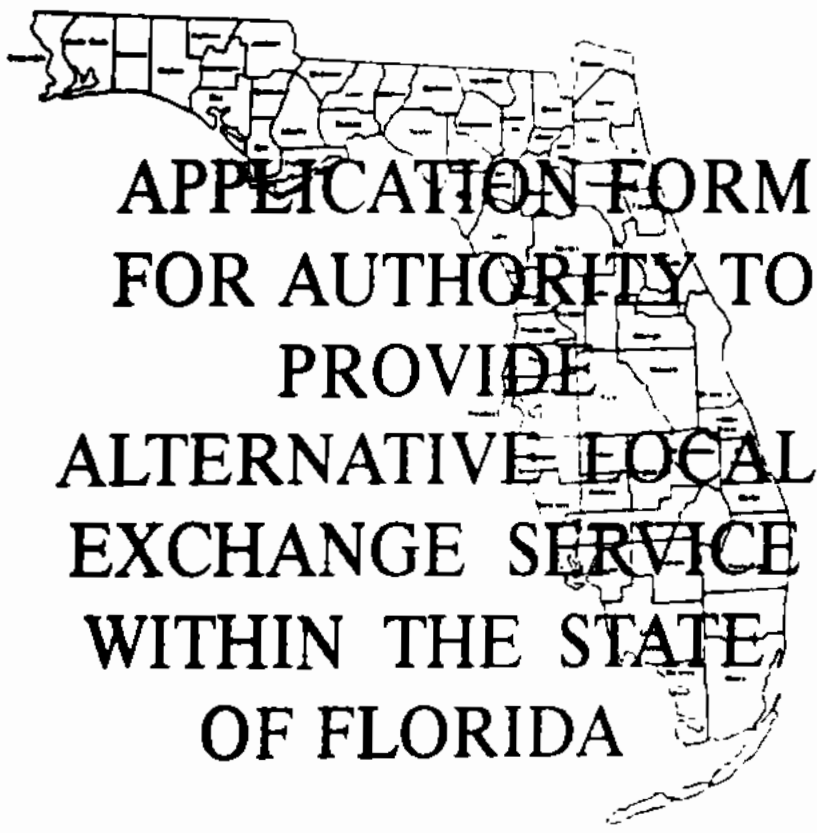
Eric P. Laundry
 Vice President and
 Chief Operating Officer

98 JAN 27 AM 9 34
 MAILED
 RECEIVED

804 S. PALAFOX
 PENSACOLA, FLORIDA 32501
 (850) 432-4855 * FAX (850) 471-9641

DOCUMENT NO. DATE
 01470 JAN 27 98

AC 134 - TX



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

DO NOT WRITE IN THESE SPACES

04478 11/27/8

08/1/86

**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:

Network Telephone, Incorporated

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

804 S. Palafox Street
Pensacola, Florida 32501
(850) 432-4855

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

Same as 3.A

C. Physical address of alternative local exchange service in Florida including street name, number, post office box, city, zip code and phone number.

Same as 3.A

4. Structure of organization:

- | | |
|--|--|
| <input type="checkbox"/> Individual | <input checked="" type="checkbox"/> Corporation |
| <input 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 _____ |

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

Corporate charter number: P97000091365

A copy of Applicant's Articles of Incorporation and proof of Authority to do business in Florida is attached as Exhibit "A"

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

Network Telephone, Incorporated

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

Fictitious name registration number: N/A

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

Applicant is a corporation

9. 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.

None

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.

Eric P. Landry, Chief Operating Officer, Network Telephone, Inc., 804 S. Palafox Street, Pensacola, FL 32501 Phone: 850-432-4855 Fax: 850-470-9641

E-Mail: landryep@gulf.net

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

None

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.

804 S. Palafox St., Pensacola, FL 32501

15. 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 "B"

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 obligation.

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 s. 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 "C"

- C. Technical capability. See Exhibit "C"

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
Ray D. Russenberger
Date _____

Title: Chief Executive Officer
_____ 850-432-4855
Telephone Number

Address: 804 S. Palafox St.
Pensacola, FL 32501



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

October 24, 1997

DANIEL R. LOZIER, ESQ.
125 W. ROMANA ST., STE. 224
PENSACOLA, FL 32501

The Articles of Incorporation for NETWORK TELEPHONE, INC. were filed on October 22, 1997 and assigned document number P97000091365. Please refer to this number whenever corresponding with this office regarding the above corporation. The certification you requested is enclosed.

PLEASE NOTE: COMPLIANCE WITH THE FOLLOWING PROCEDURES IS ESSENTIAL TO MAINTAINING YOUR CORPORATE STATUS. FAILURE TO DO SO MAY RESULT IN DISSOLUTION OF YOUR CORPORATION.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THIS OFFICE BETWEEN JANUARY 1 AND MAY 1 OF EACH YEAR BEGINNING WITH THE CALENDAR YEAR FOLLOWING THE YEAR OF THE FILING DATE NOTED ABOVE AND EACH YEAR THEREAFTER. FAILURE TO FILE THE ANNUAL REPORT ON TIME MAY RESULT IN ADMINISTRATIVE DISSOLUTION OF YOUR CORPORATION.

A FEDERAL EMPLOYER IDENTIFICATION (FEI) NUMBER MUST BE SHOWN ON THE ANNUAL REPORT FORM PRIOR TO ITS FILING WITH THIS OFFICE. CONTACT THE INTERNAL REVENUE SERVICE TO RECEIVE THE FEI NUMBER IN TIME TO FILE THE ANNUAL REPORT AT 1-800-829-3676 AND REQUEST FORM SS-4.

SHOULD YOUR CORPORATE MAILING ADDRESS CHANGE, YOU MUST NOTIFY THIS OFFICE IN WRITING, TO INSURE IMPORTANT MAILINGS SUCH AS THE ANNUAL REPORT NOTICES REACH YOU.

Should you have any questions regarding corporations, please contact this office at the address given below.

John Nedeau, Document Specialist
New Filing Section

Letter Number: 897A00051810

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of NETWORK TELEPHONE, INC., a Florida corporation, filed on October 22, 1997, as shown by the records of this office.

The document number of this corporation is P97000091365.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Twenty-fourth day of October, 1997



CR2EO22 (2-95)

Sandra B. Northam
Secretary of State

ARTICLES OF INCORPORATION
OF
NETWORK TELEPHONE, INC.

FILED
97 OCT 22 11 03

THE UNDERSIGNED, for the purpose of forming a corporation under the Florida General Corporation Act, hereby adopts the following Articles of Incorporation.

ARTICLE I

NAME

The name of this corporation is NETWORK TELEPHONE, INC. The principal place of business is 125 W. Romana Street, Suite 224, Pensacola, Florida 32501.

ARTICLE II

DURATION

The duration of this corporation is perpetual.

ARTICLE III

PURPOSE

The general purposes for which this corporation is organized are

- (1) To transact any lawful business or businesses for which corporations may be incorporated under the Florida General Corporation Act.
- (2) To do such other things as are incidental to the foregoing or necessary, implied, helpful, or desirable in order to accomplish the foregoing.

ARTICLE IV

CAPITAL STOCK

This corporation is authorized to issue 10,000 shares of no par value common stock.

ARTICLE V

REGISTERED OFFICE AND AGENT

The street address of the initial registered office, and the mailing address of the Corporation in this State is 125 W. Romana Street, Suite 224, Pensacola, Florida 32501, and the name of its initial registered agent at such address is Daniel R. Lerner

ARTICLE VI

BOARD OF DIRECTORS

The initial Board of Directors of this corporation shall consist of one (1) member. The size of the board may be increased or decreased from time to time as prescribed in the bylaws or by applicable law, but never shall the board consist of less than one (1) member

ARTICLE VII

INCORPORATORS


The name and address of the Incorporator is Daniel R. Lerner, 125 W. Romana Street, Suite 224, Pensacola, Florida 32501.

ARTICLE VIII

AMENDMENT

These Articles of Incorporation may be amended in the manner provided by law.

IN WITNESS WHEREOF, I have subscribed my name this 21st day of October, 1997

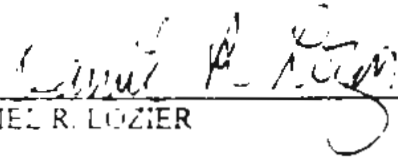


DANIEL R. LERNER, Incorporator

ACCEPTANCE OF DESIGNATION AS RESIDENT AGENT

I, the undersigned, being the person named as the Registered Agent of NETWORK TELEPHONE, INC., a Florida corporation, hereby certify that I am familiar with the obligations provided for in Florida Statutes Chapter 607.020 and hereby accept the appointment of Registered Agent and hereby accept said obligations.

DATED: October 21, 1997



DANIEL R. LOZIER

STATE OF FLORIDA

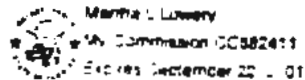
COUNTY OF ESCAMBLA

The foregoing instrument was acknowledged before me this 21st day of October, 1997, by Daniel R. Lozier, who is personally known to me or who has produced a drivers license as identification and has not taken an oath.

NOTARY PUBLIC

Commission No. _____

My Commission Expires: _____



FILED

97 OCT 27 10 03



NETWORK TELEPHONE
NOW YOU HAVE A CHOICE

January 26, 1998

**Florida Public Service Commission
Secretary
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0866**

Dear Madam or Sir:

I have previously utilized the investment bank, Bear Stears & Co., to raise in excess of \$100,000,000.00 of capital. I intend once again to use Bear Stears & Co. for a private placement funding to raise sufficient capital to comply with the enclosed proforma. Should this not occur, I certify that as majority stockholder in Network Telephone that I have sufficient financial capabilities to comply with the proform enclosed.

Sincerely,

**Ray Russenberger
Chief Executive Officer**

EXHIBIT "B"

Network Telephone, Inc.
Balance Sheet
End of Year One

Current assets	
Cash and cash equivalents	\$148,255
Accounts receivable, net	371,308
Investments	3,933,484
Total current assets	4,453,047
Property and equipment, net	1,179,417
Total assets	\$5,632,463
Current liabilities	
Current portion of long-term debt	114,127
Accounts payable and accrued expenses	297,496
Total current liabilities	411,623
Long term debt, less current portion	794,873
Total liabilities	1,206,496
Stockholders' equity	
Common stock	1,000
Additional paid-in capital	5,000,000
Retained earnings	(575,033)
Total stockholders' equity	4,425,967
Total liabilities and stockholders' equity	\$5,632,463

UNAUDITED

Exhibit "B"

**Network Telephone
Pro Forma Income Statement
Year One**

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Revenues													
Business lines	\$13,824	\$29,376	\$46,656	\$65,664	\$86,400	\$108,864	\$133,056	\$163,156	\$191,085	\$270,740	\$250,116	\$281,498	\$1,700,436
Residential lines	1,520	3,230	5,130	7,220	9,500	11,970	14,630	18,005	21,605	25,430	29,255	33,935	161,430
Total revenues	15,344	32,606	51,786	72,884	95,900	120,834	147,686	181,163	212,690	246,170	279,371	315,433	1,771,866
Expenses													
Telecom services	13,786	28,138	44,073	61,595	80,702	101,396	123,676	148,909	164,264	180,940	203,909	228,199	1,175,589
Sales and marketing	31,800	31,800	31,800	31,800	31,800	31,800	24,800	24,800	24,800	24,800	24,800	24,800	1,155,600
Operating expenses							12,500	15,000	15,000	15,000	15,000	15,000	87,500
General and admin	32,094	32,724	33,424	3,862	38,202	39,113	41,760	42,952	44,097	46,581	48,189	49,496	464,893
Total	77,682	92,662	109,298	129,256	150,704	172,308	202,735	231,661	248,161	267,721	291,898	317,496	2,201,582
EBITDA	(62,338)	(60,056)	(57,512)	(56,372)	(54,804)	(51,474)	(55,049)	(50,498)	(35,471)	(21,551)	(12,528)	(2,062)	(1,771)
Depreciation and amortization	583	583	583	583	583	583	583	21,917	21,917	21,917	21,917	21,917	11,917
Operating income	(62,921)	(60,639)	(58,095)	(56,956)	(55,388)	(52,058)	(55,633)	(72,414)	(57,388)	(41,468)	(34,444)	(23,979)	(541,133)
Other income (Expenses)								(6,800)	(6,740)	(6,681)	(6,620)	(6,559)	(33,401)
Interest (expense) income													
Pre-tax income	(62,921)	(60,639)	(58,095)	(56,956)	(55,388)	(52,058)	(55,633)	(79,214)	(64,128)	(50,148)	(41,064)	(30,538)	(575,011)

UNAUDITED

MANAGEMENT AND TECHNICAL CAPABILITIES OF NETWORK TELEPHONE, INC.

RAY D. RUSSEMBERGER, Chief Executive Officer. Mr. Russenberger began his career in telecommunications with Motorola, Inc. in 1979 selling two-way radio systems. In 1985 Mr. Russenberger founded Network Paging Corporation in Lafayette Louisiana and provided regional paging service covering the Gulf Coast from Houston, Texas to New Orleans, Louisiana. In 1988 Mr. Russenberger founded and became Chief Executive Officer of Network USA. In 1989 the company moved its headquarters to Pensacola, Florida and by 1995 became the nation's largest network of independent private carrier paging operators. In the period from 1989 to 1995 the company grew from 13 employees to more than 1400. Network USA was named one of *Inc. Magazine's* 500 Fastest Growing Private Companies in America in both 1994 and 1995. In October of 1995 Network USA merged with A+ Communications, a publicly held paging company in Nashville, Tennessee. Mr. Russenberger became Vice Chairman of the newly merged A+ Network. Mr. Russenberger left the company in November, 1996 when it was acquired by Metrocall, Inc. of Alexandria, Virginia.

ERIC P. LANDRY, Vice President and Chief Operations Officer. Mr. Landry began his career in telecommunications in 1985 as Systems Manager with Network Paging Corporation. He was responsible for operation and maintenance of the companies' regional paging networks. In 1989 Mr. Landry became Vice President of Engineering and Systems at Network USA in Pensacola, Florida. Mr. Landry's responsibilities included the build out of a nationwide paging network, provisioning of services from local exchange and inter-exchange carriers throughout the United States and installation and operation of more than fifty paging terminal switches. Mr. Landry established the first centralized network operations center in the paging industry. In 1992 Mr. Landry took on the responsibility for all information systems and related technologies. When Network USA merged with A+ Network, Mr. Landry became Vice President of Regulatory Affairs. His duties included all federal, state and local communications regulatory compliance issues.

DENNIS C. ALLEN, Vice President, Sales and Marketing. In 1975 Mr. Allen became a Marketing Representative for IBM Corporation selling office products in the southeast region. In 1982 Mr. Allen founded Independent Office Equipment Company. The company sold personal computers, copiers, fax machines and other office products. In 1990 Mr. Allen started All-Com Consulting. This company resold long distance, paging and cellular services to business customers. The company had reseller arrangements with World Comm ICI, PageNet, and GTE Wireless. In 1996, All-Com acquired dealerships for digital fax machines and copiers. The company was then re-named Copy-Com. Copy-Com became the first company in Pensacola to resell local phone service through its affiliation with National-Tel of Ft. Lauderdale, Florida.

JOHNNY W. MATTHEWS, Chief Financial Officer. Mr. Matthews served as a financial executive for the past fifteen years. He was Chief Financial Officer for Network USA from 1991 to 1995; during this time he also managed accounting, collections, data entry, purchasing, and inventory. Prior to Network, Matthews was Manager of Operations Review for MobileComm, a division of BellSouth, responsible for internal audits, policies and procedures, and the due diligence portion of the company's acquisitions. Previous to MobileComm Mr. Matthews acquired extensive experience in auditing over twelve independent telephone companies in the southeast.



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January 26, 1998

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D6 95	JAN 27 1998

Florida Public Service Commission
 Secretary
 2540 Shumard Oak Boulevard
 Tallahassee, Florida 32399-0866

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Respectfully submitted,

[Handwritten signature]

[Handwritten initials] 86

REMITTER Reference: Network Telephone Inc	FIRST AMERICAN BANK <small>MEMBER FDIC</small>	73404
January 26, 1998		
PAY TO THE ORDER OF *Florida Public Service Commission*		*250.00*
FIRST AMERICAN BANK INC 250		DOLLARS
CASHIER'S CHECK <small>THE PURCHASE OF AN INSURANCE POLICY WILL BE REQUIRED TO REDEEM AN OFFICIAL CHECK OF THIS BANK WILL BE REPLACED OR REFUND FOR THE EVENT IT IS LOST, MISPLACED OR STOLEN</small>		
<i>[Handwritten signature]</i>		