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July 20, 1998

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JUL 21 1998

VIA OVERNIGHT DELIVERY

Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak, Blvd.
Tallahassee, Florida 32399-0870

980919-TX

Re: Application of PaeTec Communications, Inc., for Authority to
Provide Alternative Local Exchange Service and
Interexchange Telecommunications Service in Florida

Dear Ms. Bayó:

Enclosed for filing on behalf of PaeTec Communications, Inc. ("PaeTec") please find an original and six (6) copies of PaeTec's above-referenced applications. Also enclosed is a check in the amount of \$500.00 to cover the application filing fees for both applications.

Please date-stamp the extra copy and return it to the undersigned in the enclosed self-addressed, stamped envelope.

Should you have any questions concerning this filing, please do not hesitate to contact us.

Very truly yours,

Check received with filing and
forwarded to Fiscal for deposit.
Fiscal to forward a copy of check
to RAR with proof of deposit.

Initials of person who forwarded check:

AJ



Dana Frix, Esq.
Grace R. Chiu, Esq.

Counsel for PaeTec Communications, Inc.

Enclosures

cc: Richard E. Ottalagana

244033.1

FLORIDA PUBLIC SERVICE COMMISSION
CAPITAL CIRCLE OFFICE CENTER - 2540 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
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866
(904) 413-8600**

- ◆ 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):
- (X) 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 non-certificated 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:

PaeTec Communications, Inc. ("PaeTec" or "Company")

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

PaeTec Communications, Inc.

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

Fictitious name registration number: **Not Applicable.**

APPLICATION FORM

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

290 Woodcliff Drive
Fairport, NY 14450
(716) 340-2500 (Tel.)
(716) 385-8994 (Fax)

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

PaeTec does not currently have a mailing address in Florida. The name and address of PaeTec's registered agent in Florida is:

**HIQ Corporate Services, Inc.
526 East Park Avenue
Tallahassee, FL 32301**

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.

None of PaeTec's officers, directors, nor any of the ten largest stockholders, have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or any crime; nor are any such proceedings pending.

APPLICATION FORM

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

A copy of PaeTec's certificate of authority to transact business in the State of Florida as a foreign corporation is attached hereto as Exhibit 1.

Corporate charter number: F98000003605

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.

Ongoing liaison: J.T.Ambrosi
Manager of Regulatory Affairs
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, NY 14450
(716) 340-2500 (Tel)
(716) 385-8994 (Fax)
JT.Ambrosi@PaeTec.com

Liaison for Application: Dana Frix, Esq.
Grace R. Chiu, Esq.
Swidler & Berlin Chtd.
3000 K Street N.W., Suite 300
Washington, D.C. 20007-5116
(202) 424-7500 (Tel)
(202) 424-7645 (Fax)
grchiu@swidlaw.com

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

PaeTec is not currently authorized to provide competitive local exchange telecommunications services any states. Applicant is presently seeking authority to provide local exchange telecommunications services in Florida, Maryland, Massachusetts, New Jersey, and New York.

APPLICATION FORM

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.

Paetec can be reached for customer complaints at 1 (877) 4-PAETEC.

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

A complete price list will be filed with the Commission in accordance with Commission Rule 25-24.825 prior to initiating service.

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 2.

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.

APPLICATION FORM

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 3.
- C. Technical capability. See Exhibit 3.

(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.)

We will mirror the service provided by the local exchange companies in the areas served.

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:

Richard Ottalaga
Signature

7-15-96
Date

Title:

Richard Ottalaga
Executive Vice President

(716) 340-2500
Telephone Number

Address:

290 Woodcliff Drive
Fairport, NY 14450

EXHIBITS

- EXHIBIT 1** **Certificate of Authority to Transact Business**
- EXHIBIT 2** **Financial Qualifications**
- EXHIBIT 3** **Managerial and Technical Capability**

EXHIBIT 1

Certificate of Authority to Transact Business



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

June 24, 1998

Qualification documents for PAETEC COMMUNICATIONS, INC. were filed on June 24, 1998 and assigned document number F98000003605. 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.

Jennifer Sindt
Document Examiner
Division of Corporations

Letter Number: 398A00034786

**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. PAETEC COMMUNICATIONS, 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. DELAWARE

(State or country under the law of which it is incorporated)

3. 16-1661066

(FEI number, if applicable)

4. 5/28/88

(Date of Incorporation)

5. PERPETUAL

(Duration: Year corp. will cease to exist or "perpetual")

6. UPON ACCEPTANCE

(Date first transacted business in Florida. (SEE SECTIONS 607.1501, 607.1502, AND 817.155, F.S.))

7. 290 WOODCLIFF DRIVE

FAIRPORT NY 14450

(Current mailing address)

8. TO PROVIDE TELECOMMUNICATIONS SERVICES

(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

9. Name and street address of Florida registered agent: (P.O. Box or Mail Drop Box NOT acceptable)

Name: HQ CORPORATE SERVICES, INC.

Office Address: 526 EAST PARK AVENUE,

TALLAHASSEE

, Florida, 32301

(Zip Code)

10. Registered agent's 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 obligations of my position as registered agent.

By: Rhyanne D. Menichies, SECLY
(Registered agent's signature)

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.

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SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 JUN 24 PM 3:27

12. Names and addresses of officers and/or directors: (Street address ONLY- P. O. Box NOT acceptable)

A. DIRECTORS (Street address only- P. O. Box NOT acceptable)

Chairman: SEE ATTACHED

Address: _____

Vice Chairman: _____

Address: _____

Director: _____

Address: _____

Director: _____

Address: _____

B. OFFICERS (Street address only- P. O. Box NOT acceptable)

President: SEE ATTACHED

Address: _____

Vice President: _____

Address: _____

Secretary: _____

Address: _____

Treasurer: _____

Address: _____

FILED
SECRETARY OF STATE
DIVISION OF PROFESSIONS
98 JUN 24 PM 3:27

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

13. *Richard Ottalagana*
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. RICHARD OTTALAGANA PRESIDENT
(Typed or printed name and capacity of person signing application)

EXHIBIT 2

Financial Qualifications

PaeTec has access to the financing and capital necessary to conduct the telecommunications operations as specified in this Application. PaeTec will rely upon its existing personnel and technological and financial resources to provide intrastate services; accordingly no additional investment will be needed to offer the proposed services.

As a recently incorporated telecommunications company, PaeTec currently does not have financial statements. Accordingly, in lieu thereof, PaeTec submits its *pro forma* financial statements, which indicate that as of August 31, 1998, PaeTec will have current assets of \$19.1 million, which will exceed current liability of \$160,000, providing working capital of \$18.94 million. With access to these substantial financial resources, PaeTec is financially well-qualified to provide the telecommunications services proposed in this Application. Attached hereto are Applicant's *pro forma* financial statements.

PaeTec Communications, Inc.

Pro Forma Balance Sheet as of August 31, 1998

Assets

Cash & Equivalents	\$	17,700,000
Accounts Receivable	\$	100,000
Equipment	\$	1,300,000
Total Assets	\$	19,100,000

Liabilities and Capital

Accounts Payable	\$	160,000
Long Term Debt	\$	-
Total Liabilities	\$	160,000
Paid Capital	\$	20,000,000
Retained Earnings	\$	(1,060,000)
Total Capital	\$	18,940,000
Total Liabilities and Capital	\$	19,100,000

EXHIBIT 3

Managerial and Technical Capability

**Managerial and Technical Qualifications of
Key Personnel for PaeTec Communications, Inc.**

**Arunas A. Chesonis
President and Chief Executive Officer**

Arunas A. Chesonis, 36, is the President and Chief Executive Officer of PaeTec Communications, Inc.

Formerly with ACC Corp. the parent company for all ACC-owned operations in the United States, Canada, Germany, and the United Kingdom Mr. Chesonis was also President and Chief Operating Officer for ACC Global Corp. which coordinated all purchasing and network optimization for international terminations and fiber capacity for ACC worldwide.

Mr. Chesonis joined ACC in May, 1987 as Vice President of Operations for the U.S. business unit. In January, 1989, he was named President of ACC Long Distance Corp. (U.S.). He has also been President of ACC's Canadian operations and Managing Director of ACC's UK enterprise primarily during the initial startup years. Prior to joining ACC, he held various positions within Rochester Telephone Corporation, now Frontier Corporations.

Mr. Chesonis holds a B.S. in Civil Engineering from MIT and an MBA from the University of Rochester. In 1995, he received the Rochester Business Journal "Forty Under 40" award. In 1997, he received the Rosenthal Award for Innovation in Modern Finance from the Simon School at the University of Rochester. He is an active board member of Compeer, Inc. and the Humane Society of Monroe County.

Mr. Chesonis lives in Victor, New York with his wife, Pamela, and their three children, Adam, Erik and Tessa.

**Joseph D. Ambersley
Regional President (South)**

Joseph D. Ambersley has been working in the telecommunications industry for the past sixteen years beginning in 1983 with Microtel, Inc. in Boca Raton, FL. He served as vice President of Carrier Sales for ATC/Microtel, and for the past seven years has been Vice President of Carrier Sales at National Tel of Florida.

Mr. Ambersley was elected to the Board of Directors of ACTA, one of the national trade associations representing interexchange carriers, and served from 1995 to 1998. He has been the secretary/treasurer of the Associated Communications Companies of America (ACCA) for the past five years.

Mr. Ambersley received a Bachelor of Science Degree from Florida State University in 1972 and a Masters Degree from Rollins College in 1976. Prior to 1983, Joseph was the Athletic Director at the University of West Florida in Pensacola

Jack Baron
Regional President (North)

Jack joins PacTec Communications, Inc. with over 14 years management experience including 7 years in telecom sales and customer service management. Most recently, Jack served as Vice President of Sales and Customer Service for ACC TeleCom's US operations. In just under 3 years, Jack's commercial sales teams grew annual revenues from \$30 Million to over \$100 Million, and successfully transitioned ACC from plain vanilla long distance sales and service to a comprehensive product offering of long distance, local, internet and data services. During his tenure with ACC, in addition to US sales, Jack managed Account Development, Customer Service, Sales Support, Information Processing, University Sales and Service, and Marketing.

Prior to joining ACC in 1995, Jack served as President of ETI Technical College - a 4 year engineering college in Cleveland, Ohio. While there Jack had full profit and loss responsibility and returned the college to profitability following \$1 Million in annual losses prior to his arrival in 1992.

Jack was Vice President of Corporate Sales and Telephonic Banking at Goldome Bank through the late 80s and early 90s, managing 114 people comprising the bank's largest and most profitable sales and customer service groups. Jack was a regional manager for Allnet Communications for all of Western New York State and Pennsylvania from 1983 to 1987.

Jack has an MBA from Syracuse University with a concentration in marketing where he graduated summa cum laude. He has a BS in Neuroscience from the University of Rochester.

Jack lives in Fairport with his wife Lisa and their two daughters, Jessica and Lauren.

Richard Ottalagana
Executive Vice President

Richard Ottalagana, 55, has over 30 years experience in the telecommunications industry. Dick began his career in telecommunications working summers as a central office installer for Stromberg-Carlson while attending Rider University. After his discharge from the Army, Dick worked for approximately 2 years with GTE as an auditor before joining Rochester Telephone Corp (now Frontier) in 1972. While at Rochester Telephone he held managerial positions in virtually all disciplines over a 20 year span, including sales, operations, engineering, labor relations, operator services, regulatory, accounting and finance.

Dick joined ACC Corp in 1993 as Director of Business Development where his primary duty was to develop a business plan for that company to enter the local exchange marketplace as a competitive local exchange carrier ("CLEC"). With approval of that plan by ACC's Board of Directors, Dick

was promoted to Vice President and General Manager where he had overall responsibility to develop and implement the local exchange plan. Primarily under Dick's leadership, the CLEC subsidiary became the first profitable CLEC in the United States with annualized revenues of approximately \$60 million at the end of 1997. Because of his daily involvement, the CLEC became both net income and cash flow positive approximately three years ahead of the expected results in the business plan.

Dick holds a bachelor degree in accounting and has numerous technical telecommunications courses to his credit. He serves as Chairman of the Board to the Summit Federal Credit Union. Dick is active in a variety of community activities in Rochester, New York where he resides with his wife, Jean and daughter Lynne.

Richard J. Padulo
Executive Vice President of Engineering & Operation

Dick Padulo is joining PaeTec Communications with over 34 years of experience in the telecommunications industry. Dick started his career in the U.S. Army as a communications specialist. From there, Dick was employed at Rochester Telephone Co., now known as Frontier Communications. His technical experience includes central office switching, operations and teaching switch center operations and management.

In 1992, Dick joined ACC TeleCom as the Director of Operations where he assisted in the management of the long distance operations in the United States and Canada.

In 1994, Dick assisted in the start up of ACC's local telephone subsidiary, ACC National Telecom, where he assisted with the business planning and assumed the position of Director of Operations and Engineering. He was also involved in building six switch sites and networks for the core of the business.

Dick has received several certificates and certifications for various seminars and training facilities.

Dick resides in Rochester, N.Y. with his wife, Mary and they have 2 children.

Daniel J. Venuti
Executive Vice President, Secretary and General Counsel

Dan Venuti, 38, comes to PaeTec Communications with over 14 years experience in corporate legal matters, with a concentration in telecommunications law. Prior to joining PaeTec, Dan served as Vice President and General Counsel for ACC TeleCom in Rochester, New York, with responsibility for all of ACC's United States legal and regulatory operations. Dan joined ACC in 1994 and actively supported all aspects of ACC's long distance, CLEC, internet, and data services product offerings. He also successfully guided ACC's publicly traded parent company, ACC Corp., through a number of acquisitions, financing transactions, and secondary stock offerings.

Prior to assuming the General Counsel role at ACC, Dan spent just under 10 years in private practice

with Bond, Schoeneck, & King, the largest law firm in Central New York. Dan built a successful general corporate practice serving the various needs of the business community, while also developing a specialized practice focusing on telecommunications-related matters.

Dan holds a J.D. from the State University of New York at Buffalo School of Law, where he graduated Magna Cum Laude. He also has a B.A., Magna Cum Laude, from Syracuse University. Dan is a member of the American Corporate Counsel Association, the Federal Communications Bar Association, the New York State Bar Association, and the Onondaga County Bar Association.

Dan resides in Solvay, New York with his wife, Paulette, and their three children, Brian, Kimberly, and Gina.

Tim Bancroft
Vice President of Finance

Mr. Bancroft joins PaeTec with over 25 years of experience in the communications industry, having held a variety of pertinent positions with Frontier Corporation and most recently, as the Vice President of Finance of a subsidiary of Citizens Communications. His diverse experience includes marketing, strategic business planning, mergers and acquisitions in addition to a traditional corporate finance role and perspective.

Mr. Bancroft's career accomplishments include the completion of a \$40 million debt financing for Frontier's long distance subsidiary, leadership of marketing initiatives and competitive bid proposals that gained and retained key customers, and the successful negotiation of strategic interconnection and partnering agreements with industry players.

Tim holds a Bachelor of Science degree in Business Administration from the Rochester Institute of Technology and participates as a parks and recreation commissioner in the community of Perinton.

Tim resides in Fairport with his wife and family.

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&
BERLIN**

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VIA OVERNIGHT DELIVERY

Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak, Blvd.
Tallahassee, Florida 32399-0870

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Should you have any questions concerning this filing, please do not hesitate to contact us.

Very truly yours,

Check received with file on end

**SWIDLER & BERLIN
CHARTERED**
3000 K STREET, N.W., SUITE 300
WASHINGTON, D.C. 20007

FIRST UNION NATIONAL BANK
WASHINGTON, D.C.

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NO. 067172

EXACTLY***500*DOLLARS AND*00*CENTS

DATE

AMOUNT

07/15/98

*****500.00

PAY TO THE ORDER OF FLORIDA PUBLIC SERVICE COMMISS

GENERAL ACCOUNT
TWO SIGNATURES REQUIRED ABOVE \$10,000

Mauro H. Nova