

GERRY, FRIEND & SAPRONOV, LLP

ATTORNEYS AT LAW

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THREE KAVINIA DRIVE
ATLANTA, GEORGIA 30346-2131

(770) 399-0500

FACSIMILE (770) 395-0000

EMAIL: gfs@gsfllp.com

DEPOSIT

DATE

D051 -

DEC 24 1998

December 23, 1998

via OVERNIGHT DELIVERY

Florida Public Service Commission
Division of Records and Reporting
Betty Easley Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

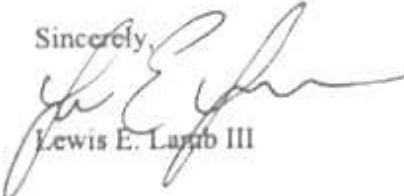
981960-TX

Dear Sir:

Please find enclosed herewith an original and six (6) copies of the Application Form for Authority to Provide Alternative Local Exchange Service within the State of Florida for U.S. South Communications, Inc.. Also enclosed is a check on the amount of \$250.00 to cover the application fee.

Please do not hesitate to call me if you have any questions.

Sincerely,



Lewis E. Lamb III

Enclosures

RECEIVED
FLORIDA PUBLIC SERVICE COMMISSION
98 DEC 24 PM 1:08
MAIL ROOM

DOCUMENT NUMBER - DATE

14568 DEC 24 98

FPSC-RECORDS/REPORTING

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

- Original Authority (New company).
 Approval of Transfer (To another certificated company).
Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.
 Approval of Assignment of existing certificate (To a noncertificated company).
Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
 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 company

U.S. South Communications, Inc.

3. Name under which the applicant will do business (fictitious name, etc.)

Not applicable.

4. Official mailing address (including street name, number, post office box, city, state, zip code and phone number):

**U.S. South Communications, Inc.
3200 Windy Hill Road
Wildwood Plaza West, Suite 1100
Atlanta, Georgia 30339
(770) 240-6100**

5. Florida address (including street name, number, post office box, city, state, zip code and phone number):

U.S. South Communications, Inc. ("U.S. South") conducts business from its headquarters in Atlanta, Georgia. U.S. South's registered agent in Florida is:

**U.S. South Communications, Inc.
c/o NRAI Services, Inc
526 E. Park Avenue
Tallahassee, Florida 32301**

6. Structure of organization;

- Individual Corporation
 Foreign Corporation Foreign Partnership
 General Partnership Limited Partnership
 Other _____

DOCUMENT NUMBER-DATE

14568 DEC 24 88

FPSC-RECORDS/REPORTING

7. **If Individual, provide: Not applicable.**

Name:

Title:

Address:

City/State/Zip:

Telephone No.:

Fax No.:

Internet E-Mail Address:

Internet Website Address:

8. **If incorporated in Florida, provide proof of authority to operate in Florida:**

(a) The Florida Secretary of State corporate registration number:

Not applicable.

9. **If foreign corporation, provide proof of authority to operate in Florida:**

(a) The Florida Secretary of State corporate registration number:

F95000004116

U.S. South's certificate of authority issued by the Florida Division of Corporations is attached hereto at Exhibit "F".

10. **If using fictitious name-d/b/a, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:**

(a) The Florida Secretary of State fictitious name registration number:

Not applicable.

11. **If a limited liability partnership, provide proof of registration to operate in Florida**

(a) The Florida Secretary of State registration number:

Not applicable.

12. **If a partnership, provide name, title and address of all partners and a copy of the partnership agreement. Not applicable.**

Name:

Title:

Address:

City/State/Zip:

Telephone No.:

Fax No.:

Internet E-Mail Address:

Internet Website Address:

13. **If a foreign limited partnership, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.**

(a) The Florida registration number:

Not applicable.

14. **Provide F.E.I. Number, (if applicable)**

58-2106034

15. **Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been**

(a) **adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. Provide explanation.**

None of U.S. South's officers, directors, or stockholders has been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime. Further, no such proceedings are pending against any of U.S. South's officers, directors, or stockholders.

(b) **an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.**

None of U.S. South's officers, directors, or stockholders is an officer, director, partner or stockholder in any other Florida certificated telephone company.

16. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Charles A. Hudak, Esq.
Gerry, Friend & Sapronov, LLP
Three Ravinia Drive, Suite 1450
Atlanta, Georgia 30346-2131
Tel: (770) 399-9500
Fax: (770) 395-0000
Internet: chudak@gfslaw.com

(b) Official point of contact for the ongoing operations of the company:

Anne E. Franklin, Esq.
General Counsel
U.S. South Communications, Inc.
3200 Windy Hill Road
Wildwood Plaza West, Suite 1100
Atlanta, Georgia 30339
(770) 953-2993

(c) Complaints/Inquiries from customers:

Anne E. Franklin, Esq.
General Counsel
U.S. South Communications, Inc.
3200 Windy Hill Road
Wildwood Plaza West, Suite 1100
Atlanta, Georgia 30339
(770) 953-2993
Toll Free: 1-800-305-6009

17. List the states in which applicant:

(a) has operated as an alternative local exchange company

At this time, U.S. South is not providing alternative local exchange services in any state.

(b) has applications pending to be certificated as an alternative local exchange company

U.S. South has applied to provide alternative local exchange services in the State of Alabama.

- (c) is certificated to operate as an alternative local exchange company

U.S. South will be certificated to provide alternative local exchange services in the State of Georgia pending the filing of additional financial information.

- (d) has been denied authority to operate as an alternative local exchange company and the circumstances involved

U.S. South has not been denied certification to operate as a local exchange carrier in any state.

- (e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved

U.S. South has not been assessed regulatory penalties for violations of any state or federal telecommunications statutes. U.S. South has, however, temporarily had its Certificate of Interexchange Authority suspended for failure to file adequately its Florida Public Service Commission Annual Report. U.S. South's Certificate of Interexchange Authority was revoked on December 3, 1997 for failure to fully file all necessary information, but was reinstated February 27, 1998.

- (f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved

U.S. South has not been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity.

18. Submit the following:

A. Financial capability.

The application should contain the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

U.S. South, a privately-held company, will submit complete financial statements under trade secret protection. Attached hereto at Exhibit "G" are redacted copies of U.S. South's unaudited financial statements.

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.

Further, the following (which includes supporting documentation) should be provided:

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

A summary of U.S. South's Financial Qualifications is attached hereto at Exhibit "G".

2. written explanation that the applicant has sufficient financial capability to maintain the requested service.

A summary of U.S. South's Financial Qualifications is attached hereto at Exhibit "G".

3. written explanation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

A summary of U.S. South's Financial Qualifications is attached hereto at Exhibit "G".

B. Managerial capability; give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

A summary of U.S. South's Managerial and Technical Qualifications is attached hereto at Exhibit "E".

C. Technical capability; give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

A summary of U.S. South's Managerial and Technical Qualifications is attached hereto at Exhibit "E".

CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) _____,
(Title) _____ of (Name of Company

_____ and current holder of Florida Public Service Commission Certificate Number # _____, have reviewed this application and join in the petitioner's request for a:

- () sale
- () transfer
- () assignment

of the above-mentioned certificate.

UTILITY OFFICIAL

Signature

Date

Title

Telephone No.

Address

Fax No.

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please check one):

- (X) The applicant will not collect deposits nor will it collect payments for service more than one month in advance.

- () The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month.
(The bond must accompany the application.)

UTILITY OFFICIAL:

| | |
|----------------------------|---------------------|
| <u><i>M. Brooks</i></u> | <u>12-16-98</u> |
| Signature | Date |
| <u>PRESIDENT / CEO</u> | <u>770-240-6100</u> |
| Title | Telephone No. |
| <u>3200 WINDY HILL RD.</u> | <u>770-625-3361</u> |
| Address | Fax No. |
| <u>Suite 1100W</u> | |
| <u>Atlanta, GA 30339</u> | |

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

1. POP: Addresses where located, and indicate if owned or leased.

| | |
|----------|----------|
| 1) _____ | 2) _____ |
| _____ | _____ |
| 3) _____ | 4) _____ |
| _____ | _____ |

2. SWITCHES: Address where located, by type of switch, and indicate if owned or leased.

| | |
|----------|----------|
| 1) _____ | 2) _____ |
| _____ | _____ |
| 3) _____ | 4) _____ |
| _____ | _____ |

3. TRANSMISSION FACILITIES: POP-to-POP facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

| <u>POP-to-POP</u> | <u>OWNERSHIP</u> |
|-------------------|------------------|
| 1) _____ | _____ |
| 2) _____ | _____ |
| 3) _____ | _____ |
| 4) _____ | _____ |

APPENDIX "D"

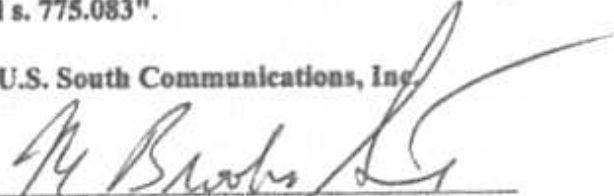
AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in the foregoing 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 U.S. South Telecommunications of Florida, Inc. and agree that the company will 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".

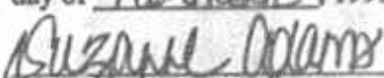
U.S. South Communications, Inc.

By:


M. BROOKS SMITH
President

U.S. South Communications, Inc.
3200 Windy Hill Road
Wildwood Plaza West, Suite 1100
Atlanta, Georgia 30339
Tel: (770) 953-2993
Fax: (770) 240-3161

Sworn to before me this 11th
day of November, 1998.


Notary Public

My Commission expires: Nov. 24, 2001



EXHIBIT "E"

MANAGERIAL AND TECHNICAL QUALIFICATIONS

Technical and Managerial Qualifications:

U.S. South has sold long distance telecommunications in Georgia since 1994, first as an agent for a national carrier, and beginning March 1995, as a certified carrier in its own right. U.S. South has a well-seasoned staff of engineers, technicians and customer service representatives.

U.S. South only hires qualified and certified operations personnel. In the unlikely event that a problem should arise with its DMS 500 switch, U.S. South technicians and engineers may be reached twenty-four hours a day, 365 days per year.

M. Brooks Smith is the founder, President and CEO. Mr. Smith has extensive experience in the telecommunications industry and currently serves on the advisory board of two industry trade publications. He is considered an industry leader and innovator in the enhanced telecommunications industry and is frequently requested to moderate and speak at top industry conferences. In 1992, Mr. Smith established Interactive Communications International, Inc. ("InComm"), an enhanced telecommunications services marketer. Prior to founding InComm, Mr. Smith was Director of Sales for Communications Management, a national provider of automated call processing and switching products serving voice applications. His accounts included Fortune 500 companies, national media, and corporate advertising agencies. His annual gross sales volume exceeded \$100 million.

Brenda Agee is Secretary, Treasurer and Director of Finance. With over twenty-five years of experience in management and accounting, Ms. Agee's primary responsibilities include those of office manager and overseeing U.S. South's finance department. Prior to join U.S. South, Ms. Agee handled finance and management matters with Wellington Development Corporation.

Randy Kennison is Vice President - Engineering. Mr. Kennison has been with U.S. South for five years. His duties include management and operation of both the DMS 250 and DMS 500 switches and the DEC switches from 200 to 600s. He was instrumental in developing U.S. South's in-house calling platform/switching matrix. Prior to joining U.S. South, Mr. Kennison was Senior Programmer at DataTech Communications ("DataTech") where he developed a large scale switching platform to handle traffic generated from national television advertisements. Other duties at DataTech included maintenance of the internal company network as well as carrier relations. Prior to DataTech, Mr. Kennison developed the in-house system for voice mailboxes, including the accompanying accounting/inventory module, sold exclusively through Mail Boxes, Etc. At SDI/Cortelco, Mr. Kennison spent three years as Lead Programmer. In this capacity, he developed voice mail systems for personal computers. He later integrated these systems with the entire ITT/SolidState switching product line. Eventually he reduced the PC to a single card for insertion directly into the switch. Mr. Kennison has experience writing ISDN handset protocols and functions for the Millennium switch.

Phil Graves is Director of Products and Services. Mr. Graves' primary duties include development of all new U.S. South products and services, and overseeing marketing and network operations as they relate to products and services. Prior to joining U.S. South, Mr. Graves was Vice President of Sales and Marketing of BBS of America, Inc. ("BBS"), an international automotive equipment company. Prior to joining BBS, Mr. Graves was employed by Roadshow International, Inc. for fourteen years, ultimately attaining the position of President.

Nilka Rivera is Controller. Ms. Rivera obtained her BS/BA degree, cum laude, in accounting from the University of Puerto Rico, Mayaguiz Campus. She spent eight years with Baxter, a manufacturing company. During that time she advanced from analyst to controller. She then worked eight years in the software industry for HBO& Company. She has been with U.S. South for the last two years, and is responsible for overseeing all accounting, billing, collections and payroll duties.

EXHIBIT "F"

FLORIDA DIVISION OF CORPORATIONS QUALIFICATION

State of Florida



Department of State

I certify from the records of this office that US SOUTH COMMUNICATIONS, INC. is a Georgia corporation authorized to transact business in the State of Florida, qualified on August 24, 1995.

The document number of this corporation is F95000004116.

I further certify that said corporation has paid all fees and penalties due this office through December 31, 1996, that its most recent annual report was filed on October 3, 1996, and its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capitol, this the
Fifteenth day of October, 1996



CR2EO22 (2-95)

Sandra B. Northam

Sandra B. Northam
Secretary of State

EXHIBIT "G"

FINANCIAL QUALIFICATIONS

U.S. South is a privately-held Georgia corporation. Today, U.S. South provides intrastate long distance telecommunications services, operator services and enhanced services within the State of Florida. U.S. South provides long distance and international telecommunications resale services, operator services and enhanced services throughout the United States.

In the past, U.S. South has demonstrated to this Commission that it possesses the requisite financial capability to provide high-quality intrastate telecommunications resale services.¹ In support of the Application, attached hereto are a redacted consolidated income statement and balance sheet as of December 31, 1997. Furthermore, U.S. South has the assurance of its shareholders that it will be provided the necessary capitalization to provide the proposed local exchange resale services properly and continuously in the State of Florida.

¹U.S. South Communications, Inc.'s Application for Certificate to Provide Interexchange Telecommunications, Docket No. 951242-TI, (February 29, 1998).

PUBLIC DISCLOSURE DOCUMENT

U.S. SOUTH COMMUNICATIONS, INC.
CONSOLIDATED INCOME STATEMENT
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 1997

INTERNAL REPORT-CONFIDENTIAL

YTD Dec 97

NET REVENUE

COST OF SALES

GROSS PROFIT

% REVENUE

OPERATING EXPENSES:

Salaries & Benefits

Administrative Services

Advertising & Promotion

Commissions

Dist. Subscriptions & member

Travel & Entertainment

Equipment Rental

Legal & Accounting Fees

Employee Related Expenses

Rent & Utilities

Consulting Fees

Telephone

Office Expenses & Supplies

Bank/Merch. Fees

Repairs & Maintenance

Insurance - Gen Liability

Licenses & Permits

All Other

Total Operating Expenses

% REVENUE

OTHER EXPENSES:

Depreciation & Amortization

Gain on Disposition of Asset

Bad Debt

Net Interest Income

Net Interest Expense

All Other

Total Other Expenses

% REVENUE

PROV FOR UNCOLLECTIBLE RECEIVABLE

NET INCOME BEFORE TAXES

PROV FOR INCOME/STATE TAXES

NET PROFIT

% REVENUE

PUBLIC DISCLOSURE DOCUMENT

**U.S. SOUTH COMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 1997**

INTERNAL REPORT - CONFIDENTIAL

Dec-97

CURRENT ASSETS

- Cash
- Accounts Receivable, net
- Unbilled Receivables
- Other Current Assets
- Total Current Assets**

FIXED ASSETS

- Furniture, Equipment & Computers
- Capitalized Leases
- Leasehold Improvements
- Accumulated Depreciation & Amortization
- Total Fixed Assets**

- Investment in InComm
- Goodwill, net
- Licenses & Tariffs, net
- Other Assets

TOTAL ASSETS

CURRENT LIABILITIES

- Accounts Payable & Accrued Liabilities
- Current Portion - Capitalized Equipment Leases
- Current Portion - Long Term Debt
- Total Current Liabilities**

Deferred Revenue

Reserve for Network Expense

Long Term Debt

Capitalized Equipment Leases - Long Term

TOTAL LIABILITIES

EQUITY

- Common Stock
- Retained Earnings
- Current Year Earnings

TOTAL EQUITY

TOTAL LIABILITIES & EQUITY

[*****TO ACCOMPANY UNAUDITED FINANCIAL STATEMENTS*****]

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in the attached unaudited financial statements for U.S. South Communications, Inc.. I have read the attached financial statements 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 U.S. South Communications, Inc.

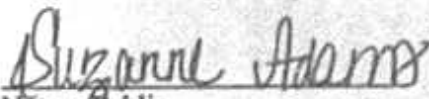
U.S. South Communications, Inc.

By: 

M. BROOKS SMITH
President

U.S. South Communications, Inc.
3200 Windy Hill Road
Wildwood Plaza West, Suite 1100
Atlanta, Georgia 30339

Sworn to before me this 10th
day of November, 1998.


Notary Public

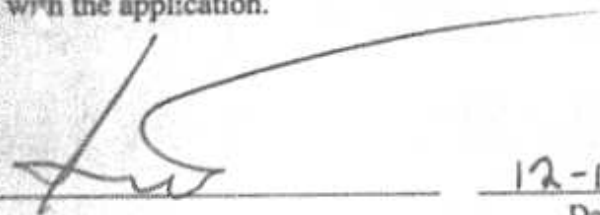
My Commission expires: Nov. 24, 2001



**** APPLICANT ACKNOWLEDGMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

M. Brooks 
Signature 12-16-98
Date
PRESIDENT / CEO
Title 770-240-6100
Telephone No.
3200 WINDY HILL RD
Address 770-625-3361
Fax No.
Suite 1100W
Atlanta, GA 30339

ATTACHMENTS:

- A - CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
- C - INTRASTATE NETWORK
- D - AFFIDAVIT
- GLOSSARY

GERRY, FRIEND & SAPRONOV, LLP

ATTORNEYS AT LAW
SUITE 1450
THREE RAVINIA DRIVE
ATLANTA, GEORGIA 30346-2131
—
(770) 399-0500
FACSIMILE (770) 395-0000
EMAIL: gflaw@gflaw.com

DEPOSIT
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DATE
DEC 24 1998

December 23, 1998

981960-TX

via OVERNIGHT DELIVERY

Florida Public Service Commission
Division of Records and Reporting
Betty Easley Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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Sincerely,



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GERRY, FRIEND & SAPRONOV, LLP
(770) 399-0500
THREE RAVINIA DRIVE, SUITE 1450
ATLANTA, GA 30346-2131

SUNTRUST BANK, ATLANTA
ATLANTA, GA 30346

8599

12/22/98

PAY TO THE ORDER OF Florida Public Service Commission*****

\$ **250.00

Two Hundred Fifty and 00/100*****

Florida Public Service Commission

DOLLARS
Security Features
Detailed on back



MEMO