



July 22, 1999

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

990962TX

RE: Application form for *Authority to Provide Alternative Local Exchange Services* within the State of Florida.

To Whom It May Concern:

Ciera Network Systems, Inc. hereby submits the enclosed Application, seeking authority to operate as a *reseller / provider* of switchless local exchange service and access service within the State of Florida. An original and (6) copies are provided.

Should there be any questions or additional information required, please do not hesitate to contact me at (713) 914-3850. Thank you!

Sincerely,

Susan McCarley
Executive / Office Administrator
Mccarley@cieranetwork.com

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: [Signature]

Enclosure

DOCUMENT NUMBER-DATE
08766 JUL 26 1999

CIERA NETWORK SYSTEMS, INC.


11200 WESTHEIMER, SUITE
HOUSTON, TEXAS 77042
713-243-8766

UMB BANK, NA
80-012

2134

PAY Two Hundred Fifty and No/100 Dollars

DATE
7/21/99

AMOUNT 
\$250.00

TO THE ORDER OF: Florida Public Service Commission
Division of Records & Reporting
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850




AUTHORIZED SIGNATURE

Memo: Filing Fee - ALEC

⑈002134⑈

CIERA NETWORK SYSTEMS, INC.

2134

Florida Public Service Commission

2134

7/21/99

\$250.00

Filing Fee - ALEC

Account Detail:

6-2260 License & Application Fees

\$250.00

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF TELECOMMUNICATIONS
BUREAU OF CERTIFICATION AND SERVICE EVALUATION

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

Instructions

- ◆ This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).
- ◆ Print or type all responses 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.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770

- ◆ If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Telecommunications
Bureau of Certification and Service Evaluation
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6600

APPLICATION

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

Original certificate (new company).

Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

Approval of transfer of control: Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

CIGNA NETWORK SYSTEMS, INC.

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

CIGNA NETWORK SYSTEMS, INC.

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

2630 FORTMINNICK

SUITE 300

HOUSTON, TX 77057

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

NONE

6. Structure of organization:

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

7. **If individual**, provide:

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:

N/A: Incorporated in Texas

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

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

F99000002427

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:

N/A: Not using a Fictitious Name

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

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

12. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

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:** _____

14. Provide **F.E.I. Number**(if applicable): 76-0593650

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

(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.

N/A

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

(a) The application:

Name: Robert W Livingston

Title: CEO

Address: 2630 Fountainview, Suite #300

City/State/Zip: Houston, Texas 77057

Telephone No.: 713-914-3850 Fax No.: 713-914-3851

Internet E-Mail Address: rlivingst@cicranetwork.com

Internet Website Address: Cicranetwork.com

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

Name: Sam Jarratt

Title: President

Address: 2630 Fountainview, Suite 300

City/State/Zip: Houston, Texas 77057

Telephone No.: 713-914-3850 Fax No.: 713-914-3851

Internet E-Mail Address: SJarratt@cicranetwork.com

Internet Website Address: Cicronetwork.com

(c) Complaints/Inquiries from customers:

Name: Sam Jarrett

Title: President

Address: 2630 Fountainview # 300

City/State/Zip: Houston, Texas 77057

Telephone No.: 713-914-3850 Fax No.: 713-914-3851

Internet E-Mail Address: rlivings@cicronetwork.com

Internet Website Address: Cicronetwork.com

17. List the states in which the applicant:

(a) has operated as an alternative local exchange company.

NONE : Operations begin in 1999.

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

California

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

Texas

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

NONE

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

NONE

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

NONE

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. *Clara is a new company. No Audited Financial Statements.*

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.

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.
 2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
 3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.
- B. **Managerial capability:** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.
- 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.

**** 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 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:

<u>RW Linn</u>	<u>7-21-99</u>
Signature	Date
<u>CEO</u>	<u>713-914-3850</u>
Title	Telephone No.
Address: <u>2630 Fountainview</u>	<u>713-914-3851</u>
<u>Suite 300</u>	Fax No.
<u>Houston, Texas 77057</u>	

ATTACHMENTS:

- A - CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT
- B - INTRASTATE NETWORK
- C - AFFIDAVIT

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. _____

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.

POP-to-POP

OWNERSHIP

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

Bell South - Ciera will Resell their service.

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 company 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."

UTILITY OFFICIAL:

<u>RW Livingston</u>	<u>7-21-99</u>
Signature	Date
<u>CEO</u>	<u>713-914-3850</u>
Title	Telephone No.
Address: <u>2630 Fountainview</u>	<u>713-914-3851</u>
<u>Suite 300</u>	Fax No.
<u>Houston, Tx 77057</u>	

Officer's Resumes

James (Sam) Jarrett - President & Chief Operations Officer

Sam Jarrett has more than 20 years of experience in business planning/development; marketing/sales strategies, operations management, accounting, computerization, telecommunications, high technology manufacturing and customer care systems.

He joined Wireless Communications Technology, Inc. in May 1998 as Vice President - U.S. Operations. At WCTI, he was responsible for forming Ciera and developing the business concept upon which Ciera is based.

Prior to joining Wireless Communications Technology, Inc. Sam was the Manager of Wholesale Sales for GST Telecommunications, Inc., a publicly traded CLEC, from 1997 to 1998. At GST, Sam directed a National sales staff that sold communication services to high volume retail and commercial accounts.

From 1995 to 1996, he was the Director of Business Development for PC-TEL, Incorporated, a start-up company that provided electronic document imaging/archiving and optical character recognition (OCR) services to medical and legal practitioners wishing to have access to archived/aged client files and other business records at the computer desktop level.

Sam served as the Director of Business Development for X:CELL Communications and LesMarc Communications advising in marketing, sales, and general business re-development of these privately held corporations from 1992 to 1995.

From 1986 to 1992, Sam was President and CEO of AssemblyFAB, Inc., a company that manufactured stenography equipment for the legal industry.

From 1976 to 1986 he held various manufacturing, forecasting and financial planning positions with StorageTEK, Corp., a public Fortune 500 high technology manufacturing company selling high capacity peripheral data storage products worldwide.

Lindsey Lee – Chief Financial Officer

Lindsey Lee has more than 15 years experience in the financial, legal and consulting industries. Mr. Lee is one of the founding partners of The Polaris Group, a financial advisory firm assisting start up and emerging growth companies. Prior to joining the Polar Group, Mr. Lee was a practicing attorney with Bon, Taylor & Lee (1995-1998) in Houston providing legal services to growth oriented companies. Mr. Lee was employed by McFarland, Grossman & Company (1992-1995) as an Associate Director of this NASD Registered broker/dealer company providing investment banking services to middle market companies. Lee participated in more than 10 transaction with an aggregate value exceeding \$175 million. From 1988-1990 Mr. Lee was an internal auditor for Sugarland Properties, Inc. Mr. Lee was employed in the public accounting area as a Staff Accountant / Consultant from 1982 – 1987 for Arthur Andersen & Co. and Kenneth Leventhal & Company. Mr. Lee received his undergraduate in 1976, MBA in 1983 and Doctor of Jurisprudence in 1991.

Robert (Bob) Livingston - Chief Executive Officer

Bob Livingston has over 20 years of experience in the telecommunications industry.

Before forming Ciera, he was employed by Wireless Communications Technology, Inc., a cellular telephone operator in Africa, since September 1997. He served as WCTI's Executive Vice President, Chief Operating Officer, and Secretary/Treasurer. Other positions Bob held while at WCTI included Senior Vice-President, Chief Financial Officer and Treasurer.

Prior to joining WCTI, Bob was Vice President of Card Services for GST Telecommunications, a publicly traded CLEC providing a broad range of integrated telecommunications services. At GST from 1996 to 1997, Bob was responsible for all sales, operations and administrative activities relating to calling card and enhanced communications services.

Before joining GST, he served as the CEO of Texas-Ohio Communications, a switchless reseller of long distance telephone services from 1987 to 1995.

From 1985 to 1986 he was employed by Hi-Tech Communications, a national company that installed phone systems for the Regional Bell Operating Companies where he first served as Vice President / Finance from 1985-1986. In late 1986, then promoted to Executive Vice-President and Chief Operating Officer.

Bob began his career in the telecommunications industry with Centel Business Systems, Southwest Region, one of the largest interconnect companies in the US. At Centel from 1979 to 1984, Bob served as Director of Finance.

Prior to entering the communications industry, he worked for nine years with Fortune 500 firms in various accounting and financial areas.

Financial Data

- June 30, 1999 Actual

**- Two Year Proforma:
Statement of Earnings & Balance Sheet**

Ciera Network Systems, Inc.

11200 Westheimer, Suite 900
Houston, Texas 77042

Profit & Loss Statement

January 1999 through June 1999

7/21/99

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	Selected Period	Budgeted	\$ Difference	% Difference
Revenue				
Retail	\$1,521.20	\$25,869.00	(\$24,347.80)	(94.1%)
Total Revenue	<u>\$1,521.20</u>	<u>\$25,869.00</u>	<u>(\$24,347.80)</u>	<u>(94.1%)</u>
Cost of Goods Sold				
Long Distance Service	\$1,967.53	\$17,844.00	(\$15,876.47)	(89.0%)
Mailing List Fees	\$1,049.83	\$0.00	\$1,049.83	NA
Telemarketing Services	\$0.00	\$16,000.00	(\$16,000.00)	(100.0%)
PICC Fees	\$15.03	\$0.00	\$15.03	NA
New Customer Mail Out	\$0.00	\$480.00	(\$480.00)	(100.0%)
Billing Cost	\$5,000.00	\$13,130.00	(\$8,130.00)	(61.9%)
Total Cost of Goods Sold	<u>\$8,032.39</u>	<u>\$47,454.00</u>	<u>(\$39,421.61)</u>	<u>(83.1%)</u>
Gross Profit	<u>(\$6,511.19)</u>	<u>(\$21,585.00)</u>	<u>\$15,073.81</u>	<u>(69.8%)</u>
Overhead Expenses:				
Payroll Expenses:				
Fringe Benefit Cost	\$89,499.99	\$144,865.00	(\$55,365.01)	(38.2%)
Other Expenses:				
Bad Debt Accural	\$137,200.42	\$304,980.00	(\$167,779.58)	(55.0%)
	\$38.00	\$776.00	(\$738.00)	(95.1%)
Total Overhead Expenses:	<u>\$239,188.56</u>	<u>\$497,912.00</u>	<u>(\$258,723.44)</u>	<u>(52.0%)</u>
Operating Profit	<u>(\$245,699.75)</u>	<u>(\$519,497.00)</u>	<u>\$273,797.25</u>	<u>(52.7%)</u>
Other Income				
Dividends Earned - Taxable	\$2,646.53	\$0.00	\$2,646.53	NA
Dividends Earned - Tax exempt	\$112.15	\$0.00	\$112.15	NA
Total Other Income	<u>\$2,758.68</u>	<u>\$0.00</u>	<u>\$2,758.68</u>	<u>NA</u>
Other Expenses				
Depreciation Expense	\$605.12	\$5,637.00	(\$5,031.88)	(89.3%)
Executive Management Bonus	\$20,000.00	\$16,800.00	\$3,200.00	19.0%
Interest Expense	\$4.81	\$363.00	(\$358.19)	(98.7%)
Total Other Expenses	<u>\$20,609.93</u>	<u>\$22,800.00</u>	<u>(\$2,190.07)</u>	<u>(9.6%)</u>
Net Profit / (Loss)	<u>(\$263,551.00)</u>	<u>(\$542,297.00)</u>	<u>\$278,746.00</u>	<u>(51.4%)</u>

Ciera Network Systems, Inc.

11200 Westheimer, Suite 900
Houston, Texas 77042

Balance Sheet

June 1999

7/21/99
11:03:31 AM

ASSETS	
Cash	\$229,996.74
Accounts Receivable	\$4,855.84
Inventory	\$375.00
Other Assets	\$14,630.00
Fixed Assets	\$34,099.98
Total ASSETS	<u>\$283,957.56</u>
 LIABILITIES	
Current Liabilities	\$19,108.56
Other Accrued Liabilities	\$36,900.00
Note Payable - Insight Tech	\$8,500.00
Total LIABILITIES	<u>\$64,508.56</u>
 STOCKHOLDERS EQUITY	
Common Stock	\$96.60
Additional Paid In Capital	\$482,903.40
Current Year Earnings	(\$263,551.00)
Total STOCKHOLDERS EQUITY	<u>\$219,449.00</u>
Total Liability & Equity	<u>\$283,957.56</u>

Ciera Network Systems, Inc.
 2 year Proforma
 Statement of Earnings

Month No. >>	1	2	3	4	5	6	7	8	9	10	11	12
Total Revenue	0	0	1,522	24,347	100,333	217,490	375,596	537,720	703,814	877,610	1,057,326	1,242,921
Total COGS	8,000	0	10,135	35,621	124,323	235,484	376,741	495,668	617,848	741,588	879,275	1,017,105
GROSS PROFIT	(8,000)	0	(8,613)	(11,274)	(23,990)	(17,994)	(1,145)	42,051	85,967	136,023	178,051	225,816
% of Revenue	#DIV/0!	#DIV/0!	-565.8%	-46.3%	-23.9%	-8.3%	-0.3%	7.8%	12.2%	15.5%	16.8%	18.2%
General & Administrative	163,390	116,053	124,058	106,605	83,211	88,047	96,807	99,397	105,146	108,972	114,734	140,705
Bad Debt Expense	0	0	46	730	3,010	6,525	11,268	16,132	21,114	26,328	31,720	37,288
Total Departmental Expense	163,390	116,053	124,103	107,335	86,221	94,571	108,075	115,529	126,260	135,300	146,453	177,992
EBIDTA	(171,390)	(116,053)	(132,716)	(118,609)	(110,211)	(112,566)	(109,220)	(73,478)	(40,294)	722	31,597	47,824
% of Revenue	#DIV/0!	#DIV/0!	-8719.0%	-48.7%	-109.8%	-51.8%	-29.1%	-13.7%	-5.7%	0.1%	3.0%	3.8%
Other Income / Expense	6,185	6,185	6,185	6,185	6,185	6,185	6,185	6,185	6,185	6,185	6,185	6,185
Income from Operations	(177,575)	(122,237)	(138,901)	(124,794)	(116,396)	(118,750)	(115,404)	(79,662)	(46,478)	(5,462)	25,413	41,639
% of Revenue	#DIV/0!	#DIV/0!	-9125.3%	-512.6%	-116.0%	-54.6%	-30.7%	-14.8%	-6.6%	-0.6%	2.4%	3.4%
Interest Expense	0	0	17	285	1,317	3,282	6,196	9,602	13,220	16,969	20,856	24,879
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0
Net Income Before Taxes	(177,575)	(122,237)	(138,918)	(125,079)	(117,712)	(122,032)	(121,600)	(89,264)	(59,699)	(22,432)	4,557	16,760
% of Revenue	#DIV/0!	#DIV/0!	-9126.4%	-513.7%	-117.3%	-56.1%	-32.4%	-16.6%	-8.5%	-2.6%	0.4%	1.3%
Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	(177,575)	(122,237)	(138,918)	(125,079)	(117,712)	(122,032)	(121,600)	(89,264)	(59,699)	(22,432)	4,557	16,760
% of Revenue	#DIV/0!	#DIV/0!	-9126.4%	-513.7%	-117.3%	-56.1%	-32.4%	-16.6%	-8.5%	-2.6%	0.4%	1.3%
Revenue from this State	0	0	30	487	2,007	4,350	7,512	10,754	14,076	17,552	21,147	24,858

Ciera Network Systems, Inc.
2 year Proforma
Statement of Earnings

Month No. >>	13	14	15	16	17	18	19	20	21	22	23	24
Total Revenue	1,429,897	1,618,197	1,808,901	2,000,182	2,192,779	2,386,678	2,581,860	2,778,309	2,976,007	3,174,940	3,375,089	3,576,440
Total COGS	1,161,477	1,299,118	1,441,613	1,584,768	1,729,101	1,874,604	2,021,249	2,169,027	2,317,924	2,467,927	2,619,021	2,771,193
GROSS PROFIT	268,421	319,079	367,288	415,413	463,678	512,074	560,611	609,282	658,083	707,012	756,068	805,247
% of Revenue	18.8%	19.7%	20.3%	20.8%	21.1%	21.5%	21.7%	21.9%	22.1%	22.3%	22.4%	22.5%
General & Administrative	133,232	137,410	141,658	148,221	152,529	156,877	161,263	165,689	170,152	181,053	185,591	216,416
Bad Debt Expense	42,897	48,546	54,267	60,005	65,783	71,600	77,456	83,349	89,280	95,248	101,253	107,293
Total Departmental Expense	176,129	185,956	195,925	208,227	218,312	228,477	238,719	249,038	259,432	276,301	286,844	323,710
EBIDTA	92,292	133,123	171,363	207,187	245,366	283,597	321,892	360,244	398,651	430,711	469,224	481,538
% of Revenue	6.5%	8.2%	9.5%	10.4%	11.2%	11.9%	12.5%	13.0%	13.4%	13.6%	13.9%	13.5%
Other Income / Expense	10,328	10,328	10,328	10,328	10,328	10,328	27,860	30,545	33,233	35,477	38,173	30,035
Income from Operations	81,964	122,795	161,036	196,859	235,038	273,269	294,032	329,699	365,418	395,234	431,051	442,502
% of Revenue	5.7%	7.6%	8.9%	9.8%	10.7%	11.4%	11.4%	11.9%	12.3%	12.4%	12.8%	12.4%
Interest Expense	28,981	33,129	37,319	41,537	45,783	50,055	54,356	58,685	63,042	67,426	71,838	76,276
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0
Net Income Before Taxes	52,983	89,666	123,717	155,322	189,256	223,215	239,677	271,015	302,376	327,808	359,213	366,226
% of Revenue	3.7%	5.5%	6.8%	7.8%	8.6%	9.4%	9.3%	9.8%	10.2%	10.3%	10.6%	10.2%
Taxes	0	0	0	0	52,992	62,500	67,109	75,884	84,665	91,786	100,580	102,543
Net Income	52,983	89,666	123,717	155,322	136,264	160,714	172,567	195,131	217,711	236,022	258,633	263,683
% of Revenue	3.7%	5.5%	6.8%	7.8%	6.2%	6.7%	6.7%	7.0%	7.3%	7.4%	7.7%	7.4%
Revenue from this State	28,598	32,364	36,178	40,004	43,856	47,734	51,637	55,566	59,520	63,499	67,502	71,529

Ciera Network Systems, Inc.
 2 Year Proforma
 Balance Sheet

Month No. >>	1	2	3	4	5	6	7	8	9	10	11	12
ASSETS												
CURRENT ASSETS:												
Cash in Bank	84,609	230,056	487,350	538,736	458,885	378,581	326,333	271,064	252,185	266,036	371,092	490,628
Cash - Certificate of Deposit	10,000	30,000	50,000	100,000	150,000	200,000	250,000	300,000	350,000	400,000	400,000	400,000
Accounts Receivable - Trade	0	0	(0)	0	9,881	29,195	56,722	88,745	121,567	155,556	190,907	227,438
Less: Accum Depreciation	0	0	46	776	3,786	10,311	21,529	27,710	58,825	85,153	116,873	37,288
Total Current Assets	94,609	260,056	537,304	637,960	614,980	597,466	611,476	622,098	664,927	736,439	845,126	1,060,778
FIXED ASSETS:												
Office Furniture & Equipment	29,000	33,500	33,500	35,000	35,000	39,500	41,000	45,500	47,000	53,500	56,500	58,000
Computer Equipment	13,001	19,002	19,003	21,004	21,005	27,006	29,007	35,008	37,009	39,010	43,011	45,012
Less: Accum Depreciation	1,185	2,369	3,554	4,739	5,923	7,108	8,293	9,477	10,662	11,847	13,031	14,216
Total Fixed Assets	40,816	50,133	48,949	51,265	50,082	59,398	61,714	71,031	73,347	80,663	86,480	88,796
Other Assets	170,743	98,776	73,312	69,216	0	0	0	0	0	19,437	0	0
TOTAL ASSETS	306,168	408,964	659,565	758,441	665,062	656,864	673,191	693,129	738,274	836,539	931,606	1,169,575
LIABILITIES & STOCKHOLDERS EQUITY												
CURRENT LIABILITIES:												
Accounts Payable - Trade	0	177,446	99,846	89,363	112,766	112,134	210,300	323,076	469,489	587,535	718,963	795,089
Payroll Taxes Payable	6,297	8,930	8,931	9,484	9,531	10,953	11,508	12,931	13,521	14,124	15,170	15,800
Federal Income Tax Payable	0	0	0	0	0	0	0	0	0	0	0	0
Other Accrued Liabilities	0	0	0	0	24,919	39,164	63,760	25,127	11,335	0	13,338	73,206
Total Current Liabilities	183,743	108,776	98,294	122,250	146,583	260,417	398,345	507,547	612,390	733,087	823,597	1,044,806
STOCKHOLDERS EQUITY:												
Common Stock	300,000	600,000	1,000,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Retained Earnings-cummulative	(177,575)	(299,812)	(438,730)	(563,809)	(681,521)	(803,553)	(925,154)	(1,014,418)	(1,074,116)	(1,096,548)	(1,091,991)	(1,075,231)
Total Stockholders Equity	122,425	300,188	561,270	636,191	518,479	396,447	274,846	185,582	125,884	103,452	108,009	124,769
TOTAL LIABILITIES & STOCKHOLDER EQUITY	306,168	408,964	659,565	758,441	665,062	656,864	673,191	693,129	738,274	836,539	931,606	1,169,575

Ciera Network Systems, Inc.
 2 Year Proforma
 Balance Sheet

Month No. >>	13	14	15	16	17	18	19	20	21	22	23	24
ASSETS												
CURRENT ASSETS:												
Cash in Bank	556,149	849,023	1,076,944	1,336,829	1,577,033	1,835,634	2,136,488	2,463,454	2,813,043	2,929,029	3,329,655	3,737,014
Cash - Certificate of Deposit	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Accounts Receivable - Trade	264,695	302,223	340,123	378,321	416,709	455,359	494,267	533,430	572,845	612,508	652,416	692,566
Less: Accum Depreciation	80,185	128,730	182,997	243,003	308,785	380,387	457,842	541,192	630,472	725,720	826,973	934,266
Total Current Assets	1,240,659	1,422,515	1,634,070	1,872,148	2,084,956	2,310,606	2,572,912	2,855,692	3,155,415	3,215,816	3,555,098	3,895,314
FIXED ASSETS:												
Office Furniture & Equipment	59,500	61,000	64,000	67,000	73,500	87,000	88,500	90,000	93,000	351,000	352,500	354,000
Computer Equipment	47,013	51,013	57,013	63,013	67,013	71,013	75,013	79,013	85,013	91,013	95,013	99,013
Less: Accum Depreciation	19,543	24,871	30,198	35,526	40,854	46,181	51,509	56,836	62,164	67,491	72,819	78,146
Total Fixed Assets	86,970	87,142	90,815	94,487	99,659	111,832	112,004	112,177	115,849	374,522	374,694	374,867
Other Assets	0	3,515	58,106	119,582	293,532	391,835	449,742	531,246	619,569	960,838	794,342	904,176
TOTAL ASSETS	1,327,629	1,513,172	1,782,990	2,086,217	2,478,147	2,814,273	3,134,659	3,499,115	3,890,834	4,551,176	4,724,134	5,174,357
LIABILITIES & STOCKHOLDERS EQUITY												
CURRENT LIABILITIES:												
Accounts Payable - Trade	955,800	1,076,419	1,226,938	1,372,268	1,518,982	1,720,875	1,885,988	2,028,401	2,188,149	2,352,566	2,767,969	2,672,677
Payroll Taxes Payable	18,057	18,816	19,587	20,778	21,559	22,348	23,145	23,948	24,758	26,555	27,378	28,208
Federal Income Tax Payable	0	0	0	0	52,992	62,500	67,109	75,884	84,665	91,786	100,580	102,543
Other Accrued Liabilities	55,400	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	1,149,877	1,245,753	1,391,855	1,539,760	1,795,426	1,970,836	2,118,655	2,287,981	2,461,989	2,886,309	2,800,634	2,987,175
STOCKHOLDERS EQUITY:												
Common Stock	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Retained Earnings-cummulative	(1,022,248)	(932,582)	(808,865)	(653,543)	(517,278)	(356,564)	(183,997)	11,134	228,845	464,866	723,500	987,183
Total Stockholders Equity	177,752	267,418	391,135	546,457	682,722	843,436	1,016,003	1,211,134	1,428,845	1,664,866	1,923,500	2,187,183
TOTAL LIABILITIES & STOCKHOLDER EQUITY	1,327,629	1,513,172	1,782,990	2,086,217	2,478,147	2,814,273	3,134,658	3,499,115	3,890,833	4,551,176	4,724,134	5,174,357



July 22, 1999

DEPOSIT DATE
D174 JUL 26 1999

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Application form for *Authority to Provide Alternative Local Exchange Services* within the State of Florida.

To Whom It May Concern:

Ciera Network Systems, Inc. hereby submits the enclosed Application, seeking authority to operate as a *reseller / provider* of switchless local exchange service and access service within the State of Florida. An original and (6) copies are provided.

Should there be any questions or additional information required, please do not hesitate to contact me at (713) 914-3850. Thank you!

Sincerely,

Susan McCarley
Executive / Office Administrator

CIERA NETWORK SYSTEMS, INC.
11200 WESTHEIMER, SUITE 900
HOUSTON, TEXAS 77042
713-243-8766

UMB BANK, NA
80-568/1012

2134

PAY Two Hundred Fifty and No/100 Dollars

DATE
7/21/99

AMOUNT
\$250.00

TO THE ORDER OF Florida Public Service Commission
Division of Records & Reporting
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850

AUTHORIZED SIGNATURE

Memo: Filing Fee - ALEC

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