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

ORIGINAL

DIVISION OF TELECOMMUNICATIONS
BUREAU OF CERTIFICATION AND SERVICE EVALUATION

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

000 246-TX

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:

FairPoint Communications Corp.

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

Same

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

FairPoint Communications Corp.

6324 Fairview Rd., 4th Floor

Charlotte, NC 28210

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

FairPoint does not maintain a principal business address

in Florida.

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:**

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

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

F99000005893

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:**

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): _____

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.**

N/A

(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.

STLong Distance, Inc., another subsidiary of

MJD Communications Corp., is certificated in Florida

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

(a) The application:

Name: John La Penta
FairPoint Communications Corp.

Title: Director of Regulatory Affairs and Carrier Relations

Address: 6324 Fairview Rd.

City/State/Zip: Charlotte, NC 28210

Telephone No.: (704) 414-2524 **Fax No.:** (704) 414-2505

Internet E-Mail Address: jlapenta@fairpoint.com

Internet Website Address: www.fairpoint.com

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

Name: John La Penta

Title: Director of Regulatory Affairs and Carrier Relations

Address: 6324 Fairview Rd.

City/State/Zip: Charlotte, NC 28210

Telephone No.: (704) 414-2524 **Fax No.:** (704) 414-2505

Internet E-Mail Address: jlapenta@fairpoint.com

Internet Website Address: www.fairpoint.com

(c) Complaints/Inquiries from customers:

Name: FairPoint Communications Corp.

Title: Customer Service

Address: 99 Troy Rd., Suite 100

City/State/Zip: E. Greenbush, NY 12061

Telephone No.: 1-888-235-3242 Fax No.: 877-802-3772

Internet E-Mail Address: info@Fairpoint.com

Internet Website Address: www.Fairpoint.com

17. List the states in which the applicant:

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

New York, Pennsylvania, Oregon, Connecticut, Massachusetts,
New Hampshire, Maine, Montana and Washington.

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

Alabama, Arkansas, Delaware, Idaho, Indiana, Kansas, Kentucky,
Louisiana, Maryland, Mississippi, New Mexico, North Carolina, Oklahoma, South
Carolina, Tennessee and Virginia.

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

New York, Pennsylvania, Oregon, Connecticut, Massachusetts, New Hampshire,
Maine, Washington, Montana, Rhode Island, Texas and Vermont.

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

N/A

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

N/A

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

N/A

18. Submit the following:

A. Financial capability. See Exhibit I

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.

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.*

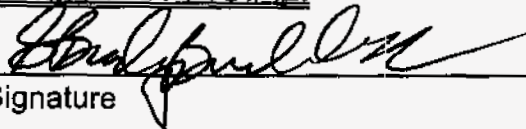
Further, the following (which includes supporting documentation) should be provided:

1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
See Exhibit II
 2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
See Exhibit II
 3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.
See Exhibit II
- B. **Managerial capability:** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.
See Exhibit III
- 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.
See Exhibit III

**** 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></u>	<u>12/21/99</u>
Signature	Date
<u>President & CEO</u>	
Title	Telephone No.
Address: <u>6324 Fairview Road, Suite 400</u>	<u>(704) 414-2500</u>
<u>Charlotte, NC 28210</u>	Fax No. <u>(704) 414-2501</u>

ATTACHMENTS:

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

**** APPENDIX A ****

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) <u>PNCYFLMADSO</u>
111 E. 5th St.
Panama City, FL 32401 | 2) <u>GSVLFLMADSO</u>
400 SW 2nd Ave.
Gainesville, FL 32601 |
| 3) <u>OCALFLXADSO</u>
319 E. Broadway St.
Ocala, FL 34471 | 4) _____
_____ |

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

- | | |
|------------------------|-------------------|
| 1) <u>TBD</u>
_____ | 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.

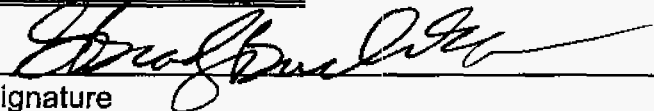
- | <u>POP-to-POP</u> | <u>OWNERSHIP</u> |
|---|------------------|
| 1) <u>OCALFLXADSO - GSULFLMADSO, Fiber or copper,* leased or owned*</u> | |
| 2) <u>PNCYFLMADSO - TBD</u> | _____ |
| 3) <u>GSVLFLMADSO - TBD</u> | _____ |
| 4) _____ | _____ |
- *TBD

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.

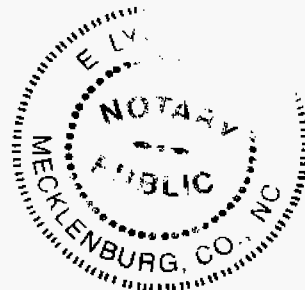
Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

	
Signature	Date <u>12/21/99</u>
<u>President & CEO</u>	
Title	Telephone No.
Address: <u>6324 Fairview Road, Suite 400</u>	<u>(704) 414-2500</u>
<u>Charlotte, NC 28210</u>	Fax No. <u>(704) 414-2501</u>
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12/21/99

FORM PSC/CMU 8 (11/95)
Required by Commission Rule Nos. 25-24.805,
25-24.810, and 25-24.815



My Commission Expires February 02, 2004

Exhibit I

FairPoint is wholly-owned by MJD Communications, Inc. ("MJD Communications"), a Delaware corporation. MJD Communications' address is:

MJD Communications, Inc.
521 East Morehead Street
Suite 250
Charlotte, NC 28202
Tel (704) 344-8150

The following consolidated financial statements of MJD Communications demonstrate the financial viability of the company:

MJD Communications, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

Assets	December 31, 1998	December 31, 1997
	(unaudited)	
Current Assets:		
Cash and cash equivalents	\$ 13,240,891	6,822,462
Accounts receivable and other	22,394,790	10,318,406
Total current assets	35,635,681	17,140,868
Property, plant and equipment, net	142,320,999	61,206,890
Other assets:		
Investments	37,893,758	11,423,521
Goodwill, net of accumulated amortization	203,866,601	50,432,932
Deferred charges and other assets	21,173,488	4,408,568
Total other assets	262,933,847	66,265,021
Total assets	\$ 440,890,527	144,612,779
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable	\$ 10,153,421	4,999,714
Current portion of long-term debt, capital lease and other	4,383,021	5,721,039
Demand notes payable	754,000	879,000
Accrued interest payable	3,946,563	2,818,769
Other accrued liabilities	6,841,253	2,614,646
Total current liabilities	26,078,258	17,033,168
Long-term liabilities:		
Long-term debt, net of current portion	164,610,026	126,502,779
Subordinated debt	200,000,000	109,246
Put Warrant Obligation	4,169,000	3,455,500
Deferred credits and other long-term liabilities	32,712,058	7,960,599
Total long-term liabilities	401,491,084	138,028,124
Minority interest	434,818	360,101
Redeemable preferred stock	-	130,164
Common stock subject to put option	3,000,000	
Stockholders' equity (deficit):		
Common stock	18,110	8,810
Additional paid-in capital	45,734,418	16,905,977
Retained deficit	(35,866,161)	(27,858,565)
Total stockholders' equity (deficit)	9,886,367	(10,938,778)
Total liabilities and stockholders' equity (deficit)	\$ 440,890,527	144,612,779

MJD Communications, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations

	Three months ended December 31,		Year ended December 31,	
	1998	1997	1998	1997
	(Unaudited)	(Unaudited)	(Unaudited)	
Operating revenues:				
Switched services	\$ 22,838,616	12,189,529	72,124,469	39,257,363
Other	5,892,282	4,080,509	19,883,088	8,505,925
Total operating revenues	28,730,898	16,270,038	92,007,557	47,763,288
Operating expenses:				
Plant operations	4,525,712	1,869,786	14,292,560	6,856,901
Corporate and customer service	7,966,697	5,384,239	22,274,818	11,580,804
Depreciation and amortization	6,676,999	2,678,204	20,089,395	8,777,103
Cost of services sold	2,002,445	2,488,351	6,162,893	4,790,970
Other	5,256,810	1,100,125	12,625,232	3,318,258
Total operating expenses	26,428,663	13,520,705	75,444,898	35,324,036
Income from operations	2,302,235	2,749,333	16,562,659	12,439,252
Other income (expense):				
Net gain on sale of investments	(9,406)	(19,229)	651,078	(19,229)
Interest income	168,837	56,272	441,992	212,035
Dividend income	1,004,293	1,182,124	1,119,188	1,182,124
Interest expense	(9,551,357)	(2,938,710)	(27,170,655)	(9,293,104)
Other, net	583,778	139,649	885,320	139,972
Total other expense	(7,803,855)	(1,579,894)	(24,073,077)	(7,778,202)
Earnings (loss) before income taxes and extraordinary item	(5,501,620)	1,169,439	(7,510,418)	4,661,050
Income tax (expense) benefit	1,414,295	(228,847)	2,111,508	(1,875,634)
Earnings (loss) before extraordinary item	(4,087,325)	945,592	(5,398,910)	2,785,416
Extraordinary item net of tax			(2,520,943)	(3,611,624)
Earnings (loss) before minority interest	(4,087,325)	945,592	(7,919,853)	(826,208)
Minority interest in income of subsidiaries	(12,481)	(36,532)	(80,453)	(61,635)
Net earnings (loss)	\$ (4,099,806)	909,060	(8,000,306)	(887,843)

MJD Communications, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

	Year ended December 31,	
	1998	1997
	(Unaudited)	
Cash flows from operating activities:		
Net loss	\$ (8,000,306)	(887,843)
Adjustments to reconcile net loss to net cash provided by operating Activities:		
Depreciation and amortization	21,533,034	9,093,037
Other non cash expenses (income)	(2,894,755)	(686,504)
Loss on early retirement of debt	2,896,600	1,864,428
Changes in assets and liabilities arising from operations, net of acquisitions:		
Accounts receivable	6,633,230	(1,669,115)
Accounts payable and accrued expenses	415,448	3,020,470
Minority interest	80,453	61,635
Income taxes recoverable	(5,797,796)	(956,119)
Total adjustments	22,866,214	10,727,832
Net cash provided by operating activities	14,865,908	9,839,989
Cash flows from investing activities:		
Net capital additions	(12,324,293)	(8,141,250)
Acquisitions of telephone properties	(217,080,932)	(30,845,006)
Other, net	3,883,961	19,296
Net cash used in investing activities	(225,521,264)	(38,966,960)
Cash flows from financing activities:		
Loan origination costs	(17,345,090)	(1,949,205)
Proceeds from issuance of long-term debt	510,582,591	71,134,318
Repayment of long-term debt	(307,763,307)	(22,104,295)
Net proceeds from the issuance of common stock	31,837,742	15,875,104
Dividends paid to stockholders	(18,026)	(283,130)
Repurchase of stock and warrants	(175,271)	(31,487,339)
Other, net	(44,854)	511,248
Net cash provided by financing activities	217,073,785	31,696,701
Net increase in cash and cash equivalents	6,418,429	2,569,730
Cash and cash equivalents, beginning of period	6,822,462	4,252,732
Cash and cash equivalents, end of period	\$ 13,240,891	6,822,462

Exhibit II

FairPoint is wholly-owned by MJD Communications Inc. ("MJD Communications"), a Delaware corporation. Consolidated financial statements of MJD Communications, attached as Exhibit I, demonstrate the financial viability of the company. In addition, MJD Communications has significant investments in telecommunications operations throughout the United States. Consequently, the Applicant has access to substantial financial resources.

Exhibit III

Professional Biographies
FairPoint Communications Corp. Senior Management Team

Brady Buckley, President and CEO, began his career with U.S. Sprint, he also served as Vice President of LDDS Worldcom. Prior to joining FairPoint Communications, Brady served as President of American Telco, Inc., a Houston-based telecommunications firm that was the first company to provide combined local and long distance phone service in Texas. Under Brady's leadership, the company's revenues increased 50 percent and its asset value rose from \$55 million to \$130 million in two and a half years.

Jeff Touse, Vice President of Sales, also brings a lengthy career with American Telco, of Texas at which he began 10 years ago as an account representative. As Jeff's career grew he left Dallas for the Houston office where he continued to be on the move until he ended his career with Telco. Upon his departure Jeff held the Vice President of Sales position for 2 years and maintained responsibility for over 200 people.

Dan Yamin, Vice President of Marketing and Product Development, was Vice President of Customer Operations/Sales and Marketing for Taconic Telephone Corp.. Dan was employed with Taconic since 1989, he previously served as Director of Customer Operations/Sales and Marketing for the company. Prior to Taconic, Dan was an account executive for Rochester Telephone Business Marketing and a telecommunications manager for a Gulf & Western Company.

Thomas Iachetta, Vice President of Information Systems prior position was Vice President of Planning and Business Development for Taconic Telephone Corp. Mr. Iachetta was employed at Taconic since 1985 and previously served as Director of Planning and Business Development. Prior to that, he served as Manager of Network and Information Services. He was responsible for all aspects of corporate planning for Taconic and its subsidiaries while overseeing information systems. He was responsible for Taconic Cellular Corp., Taconet Corp., a sophisticated SS7 network and Taconic TelCom Corp., a long distance service provider.

Stephen Lagasse - Vice President of Customer Service. Before his promotion, Lagasse was the Director of FairPoint's Operation Center, responsible for various aspects of Customer Service initiatives. Steve is now responsible for Customer Service, Provisioning, and Repair. Steve brings 14 years of telecommunications experience to his new position, including Engineering responsibilities with Bell Atlantic, and Operations and Market Development positions with NYNEX.

Patrick L. Eudy, Vice President Business Development, career encompasses operating experience in the communications industry, investment banking, and consulting. Mr. Eudy was Vice President - Business Development for MJD Communications, Inc. While with MJD, Mr. Eudy developed the competitive local exchange business plan which led to the creation of FairPoint Communications. Mr. Eudy managed the start-up and daily operations of FairPoint from November 1997 until July 1998. From 1994 to 1997, Mr. Eudy was employed in various capacities with CruisePhone, Inc. where most recently he was Vice President - Market Development.

Cliff Kane, Vice President of Network Services, was President and Founder of the recently sold Data Active, Incorporated. Previous to his involvement with Data Active he founded Fiber Business Networks, Incorporated of Hawthorne, New York. Under Cliff's leadership the company grew rapidly and focused on voice and data communication networks.