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June 6, 2003

VIA OVERNIGHT DELIVERY

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

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COMMISSION
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Re: Letter Application of NOW Communications, Inc. and VeraNet Solutions for Approval of Assignment of Assets and Related Transactions

Dear Ms. Bayo:

NOW Communications, Inc. ("NOW" or the "Seller") and Essex Acquisition Corporation d/b/a VeraNet Solutions ("VeraNet") (together, the "Parties"), by undersigned counsel and pursuant to Section 364.33 of the Florida Statutes, FLA. STAT. ANN. § 364.33, and Rule 25-4.004 of the Rules of the Florida Public Service Commission ("Commission") request approval for VeraNet to acquire the Florida assets, including, but not limited to, the customer base and tariffs, of NOW.¹ NOW has recently filed for reorganization under Chapter 11 of the U.S. Bankruptcy Laws in the U.S. Bankruptcy Court for the Southern District of Mississippi. This request is being made as a result of the execution of an Asset Purchase Agreement (the "Agreement") by NOW and MCG Capital Corporation ("MCG"), pursuant to which EAC, as MCG's assignee under the Agreement, will acquire certain assets of NOW and its subsidiaries. Furthermore, the Parties seek expedited treatment of this Application to allow the Parties to consummate this transaction as soon as possible.

As discussed more fully below, the transaction is being conducted under the supervision of the U.S. Bankruptcy Court of the Southern District of Mississippi. The expeditious approval of this Application will allow VeraNet promptly to assume responsibility for the service of

¹ This Application seeks authority only for VeraNet to acquire the assets of NOW in this state.

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NOW's existing customer base without interruption of service or other inconveniences to Florida consumers.

In support of this Application, the Parties respectfully provide the following information:

I. THE PARTIES

A. NOW Communications, Inc.

NOW is a Mississippi corporation with its principal place of business located at 1418 Ellis Avenue, Jackson, MS 39204. NOW and its various operating subsidiaries provide resold and facilities-based telecommunications services throughout the United States. NOW, together with its operating subsidiaries, holds authority to provide telecommunications services in 48 states and the District of Columbia, including the authority to provide alternative local exchange telecommunications services and interexchange telecommunications services in Florida. NOW was authorized to operate as an alternative local exchange company by the Commission's Order No. PSC-98-0716-FOF-TX issued in Docket No. 980339-TX on May 22, 1998. NOW was authorized to operate as an interexchange telecommunications services company by the Commission's Order No. PSC-98-0720-FOF-TI issued in Docket No. 980340-TI on May 22, 1998. NOW also holds authority to provide international telecommunications services as a nondominant common carrier pursuant to authority of the Federal Communications Commission ("FCC"). NOW also provides interstate telecommunications services pursuant to FCC blanket authority available to non-dominant interexchange providers.

Further information concerning NOW's technical and managerial qualifications to provide service in Florida was filed with its applications for authority to provide service in the above-referenced dockets. This information is, therefore, already a matter of public record at the Commission and Parties respectfully request that it be incorporated by reference herein.

B. Essex Acquisition Corporation d/b/a VeraNet Solutions

VeraNet is a Delaware corporation with principal business office located at 6590 West Rogers Circle, Suite 6A, Boca Raton, FL 33487. VeraNet is a wholly-owned subsidiary of BiznessOnline.com, Inc. d/b/a VeraNet Solutions ("Biz"). VeraNet and its affiliates hold authority to provide resold and facilities-based telecommunications services in 10 states, including authority to provide alternative local exchange telecommunications services and interexchange telecommunications services in Florida. VeraNet was authorized to operate as an alternative local exchange company by the Commission's Consummating Order No. PSC-03-0646-CO-TX issued in Docket No. 030211-TX on May 27, 2003, and as an interexchange telecommunications services company by the Commission's Consummating Order No. PSC-03-0644-CO-TI issued in Docket No. 030271-TI on May 27, 2003.² VeraNet has not yet commenced operations in the State of Florida. VeraNet is currently providing resold and

² The Consummating Orders were issued in the name "Essex Acquisition Corporation." Thereafter, by letter dated June 5, 2003, VeraNet advised the Commission of its intent to do business in the State of Florida using the fictitious name "VeraNet Solutions." That matter is docketed with the Commission as Docket No. 030508-TP.

facilities-based telecommunications services in eight other states, and affiliates of VeraNet are currently providing resold and facilities-based telecommunications services in two other states.

Further information concerning VeraNet's financial, technical and managerial qualifications to provide service in Florida was filed with its applications for authority to provide service in the above-referenced dockets. This information is, therefore, already a matter of public record at the Commission and Parties respectfully request that it be incorporated by reference herein.

II. DESIGNATED CONTACTS

The Designated Contacts for this Application are:

Larry W. Seab, Chief Executive Officer
NOW Communications, Inc.
1418 Ellis Avenue
Jackson, MS 39204
Telephone: (678) 442-9655 ex. 1000

with a copy to:

Catherine Wang
Ronald W. Del Sesto, Jr.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007
Telephone: (202) 424-7500
Facsimile: (202) 424-7645

and to:

Scott Kellogg
VeraNet
180 North Wacker Drive, Suite 3
Chicago, IL 60606
Telephone: (312) 658-1056 (Office)
Facsimile: (312) 658-5487 (Facsimile)

III. DESCRIPTION OF TRANSACTION

VeraNet proposes to acquire certain assets of NOW and its operating subsidiaries in connection with a reorganization of NOW being overseen by the U.S. Bankruptcy Court for the Southern District of Mississippi. MCG and the Seller have executed the Asset Purchase Agreement under which VeraNet will acquire assets of NOW as the assignee of MCG. Among other things, VeraNet will acquire all assets associated with the Seller's telecommunications operations in Florida including, but not limited to, the Seller's Florida telecommunications equipment, customer base and will adopt NOW's tariffs. As a recently certificated carrier in

Florida, VeraNet will not request that the Commission authorize VeraNet to acquire the aforementioned certificates issued by the Commission to NOW to provide alternative local exchange telecommunications services and interexchange telecommunications services in the State of Florida. Rather, VeraNet proposes to provide telecommunications services to the acquired customers pursuant to the authority already granted to VeraNet. The Applicants will be filing with the Federal Communications Commission ("FCC") to use the FCC's streamlined procedures for the acquisition of another telecommunications carrier's subscriber base. A draft of the customer notification required by the FCC's rules is attached hereto as **Exhibit A**.

VeraNet has determined that the proposed acquisition of the Sellers' assets in the bankruptcy proceeding will enable it to commence operations in a cost-efficient manner, thereby enhancing its competitive position and ability to provide an array of high quality services to consumers in Florida. Although the proposed acquisition will result in a transfer of substantially all of the Seller's assets to VeraNet, the Agreement will not involve a change in the manner in which NOW customers will receive their telecommunications services, and the transfer will be virtually seamless to customers. Specifically, customers will continue to receive the high quality, affordable telecommunications services that they presently receive. VeraNet will adopt the terms and conditions of the existing Seller's tariffs, thus providing a seamless transition for existing customers of NOW. As a result, the proposed acquisition will be virtually transparent to Seller's customers because the rates, terms, and conditions of VeraNet's services will be identical to those of NOW. Moreover, once the transaction is complete, NOW customers will receive service from VeraNet's team of well-qualified telecommunications managers. To ensure a seamless transition and avoid customer confusion or inconvenience, the Parties will notify customers of this transaction and of the change in carrier upon bankruptcy court approval, and prior to consummation of the transaction, consistent with all state and federal regulations and statutes. Accordingly, attached hereto is the aforementioned **Exhibit A**.

IV. REQUEST FOR WAIVER

Pursuant to Rule 25-4.118, Florida Administrative Code, a customer's presubscribed local exchange or interexchange telecommunications services provider shall not be changed without the customer's authorization. The carrier must either: (1) obtain a letter of agency from the customer requesting the change; (2) obtain confirmation from the subscriber via a customer-initiated call; or (3) utilize an independent third party to verify the subscriber's order. The requirements of Rules 25-4.118 are made applicable to local exchange and interexchange carriers through incorporation by reference in Rules 25-24.845 and 25-4.490, Florida Administrative Code, respectively. VeraNet respectfully requests a waiver of Rule 25-4.118 so that it may consolidate the customer base of NOW with its own customer base, for the reasons set out above.

The basis for granting a waiver for interexchange carriers is set forth in Rule 25-24.455(4), Florida Administrative Code. Under that rule, the Commission may consider whether the application is in the public interest, whether market forces obviate the need for the provision in a particular instance, and whether reasonable alternative regulatory methods may service the same purpose.

The requirements for granting a waiver for alternative local exchange carriers is set forth in Section 120.542, Florida Statutes. Under this statutory requirement, an applicant requesting a waiver of a Commission rule must first demonstrate that the purpose of the underlying statute will otherwise be served if waiver of the rule is granted. Secondly, the applicant must demonstrate that continued enforcement of the rule would result in substantial hardship for the petitioner or violate principles of fairness.

In the circumstance described in this Application, it is in the public interest to waive the carrier selection requirements of Rule 24-4.118, Florida Administrative Code. Rule 25-4.118 does not prescribe any means of authorizing a carrier change that is necessitated by a mass migration of customers between companies. It would be unfair to hold VeraNet to requirements that plainly do not address its particular situation and with which it cannot reasonably comply. However, VeraNet and NOW have provided for a seamless transition while ensuring that customer understand available choices with the least amount of disruption to customers. The customers will receive ample notice of the transfer and have the opportunity not to participate. VeraNet and NOW believe that if prior authorization is required in this case, customers may fail to respond to a request for authorization, neglect to select another carrier, and thus lose their service.

Finally, enforcement of the requirements of Rule 25-4.118, Florida Administrative Code, will result in substantial hardship for the company. Obtaining individual authorizations from NOW's customers would be an extremely time-consuming and inefficient manner of migrating customers. Further, as stated above, customers may fail to respond to a request for authorization, neglect to select another carrier, and thus lose their service. Enforcement of the requirement that a customer's provider not be changed without the customer's authorization would potentially subject VeraNet to significant penalties if the affected customers filed slamming complaints and the company was ordered to show cause based on the customer's complaints.

The Commission has granted petitions for waiver in similar circumstances in several prior cases, including Order No. PSC-01-0812-PAA-TP (Verizon Florida, Inc./Select Services Inc.) in Docket No. 010030-TP, Order No. PSC-00-1520-PAA-TI (PNG Telecommunications/Broadwing) in Docket No. 000764-TI, Order No. PSC-00-2198-PAA-TI (TTI National/Minimum Rate Pricing) in Docket No. 000825-TI, and Order No. PSC-00-2491-PAA-TI (Verizon) in Docket No. 001669-TI.

V. PUBLIC INTEREST CONSIDERATIONS AND REQUEST FOR EXPEDITED PROCESSING

The Parties respectfully submit that telecommunications services in Florida, in general, and for NOW customers in particular, will realize significant public interest benefits from VeraNet's acquisition of the certificate and assets of NOW, including NOW's customer base. The proposed transaction will enable NOW's customers to continue to receive high quality, competitively priced telecommunications services without interruption. At the same time, the proposed asset acquisition will promote competition in Florida by enhancing VeraNet's ability to take advantage of certain efficiencies that will support expanded services and more competitive rates. By creating a more effective and multifaceted telecommunications carrier, the proposed transaction will expand competitive choices for U.S. telecommunications customers, including

customers in Florida. The Parties hope to complete the proposed acquisition as quickly as possible in order to avoid any interruption of service or other inconvenience to NOW's existing customers.

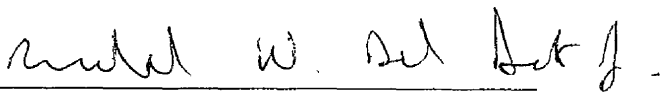
To that end, the Parties respectfully request that the Commission expedite the processing of this Application and grant the requested authority as soon as possible. NOW serves a largely low-income residential customer base that essentially has very poor credit. These customers pay cash, in advance at local currency exchanges and merchants, for their monthly local dial tone telephone service. Very few carriers are interested in or are even capable of providing service in such a manner to such customers, especially to customers located in often the most rural areas of their states. Many customers receiving service today from NOW have not had telephone service for months or years prior to receiving service from NOW. The local dial tone telephone service provided by NOW includes 911 emergency services. In the event that NOW's service is disrupted, these residential customers have few, if any, alternatives for local dial tone telephone service. Any delay in approving the transaction risks service disruption for the thousands of residential customers that rely on NOW for their local dial tone telephone service in the State of Florida.

VI. CONCLUSION

For the foregoing reasons, the Parties respectfully request that the Commission authorize the transfer of the assets, including the customer base, as described herein. Further, the Parties respectfully request that this authorization be granted on an expedited basis to allow them to consummate the transaction by August 8, 2003.

An original and six (6) copies of this filing are enclosed. Please date-stamp and return the enclosed extra copy of this filing in the postage-prepaid addressed envelope provided. Should you have any questions concerning this application, please contact Ron Del Sesto at (202) 945-6923.

Respectfully submitted,



Catherine Wang
Ronald W. Del Sesto, Jr.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007
Telephone: (202) 424-7500
Facsimile: (202) 424-7645

Counsel for the Parties

Dated: June 6, 2003

LIST OF EXHIBITS

EXHIBIT A Draft Customer Notification

VERIFICATIONS

EXHIBIT A

Draft Customer Notification

Dear Valued NOW Customer,

As you may be aware, NOW Communications, Inc. and its subsidiaries ("NOW") filed recently for Chapter 11 bankruptcy protection, and entered into an asset purchase agreement to sell their assets to Essex Acquisition Corporation d/b/a VeraNet Solutions ("VeraNet"), a wholly-owned subsidiary of BiznessOnline.com, Inc. ("BOI"). That agreement was recently approved by the U.S. Bankruptcy Court. As a result of that agreement, and upon securing the necessary approvals, which we expect to receive by _____, the services that have been provided to you by NOW will be billed and serviced by VeraNet.

As we move through this process, there are several assurances we want to make to you. First, the transition of your service from NOW to VeraNet will be seamless and will not cause any impact upon the rates and terms of your services. Second, especially in today's marketplace, we want to assure you that we are committed to the tenet that we will operate at the highest ethical standards. Third, we can assure you that we, along with the hundreds of fine employees at BOI, are committed to providing you with the best in telecommunications quality and services. In fact, the senior executive team at BOI consists of several well-known and well-respected telecommunications veterans (including senior personnel from Access One Communications, one of the first competitive local carriers in the southeastern United States), and we are therefore very familiar with what it takes to be successful in the marketplace. Access One was successfully acquired by Talk America in August 2000 for over \$200 million.

BOI is one of the Northeast's leading integrated communications providers, offering its customers a complete range of communications services, including Web Site design and hosting services, high-speed Internet access and local/long distance telecom services through its operating subsidiaries. Perhaps most importantly, BOI has the experience and resources to ensure that VeraNet meets your telecommunications needs. The majority investor in BOI is a financial services company that provides financing and advisory services to companies in the communications, information services, media and technology industry sectors. Since its inception, that company has originated an aggregate of over \$2 billion in investments in over 200 transactions and is an AAA-rated financial services company.

In short, BOI will continue to focus on building our existing infrastructure, while capitalizing on the strengths and resources of our newly acquired partners. What this means to you is that you can expect superior quality, service and support now and in the future.

Please be assured that your service will not be interrupted during this time of transition. In fact, BOI's senior executive team recently began managing the servicing of NOW customers on an interim basis until the transition occurs. NOW will remain responsible for addressing any complaints you have concerning your services in the interim. You have the right to switch your services to another carrier prior to _____. Thereafter, your service will be switched from NOW to VeraNet. Please note, you do not need to take any action to have your service switched to VeraNet, nor will you incur any carrier change charges as a result of the conversion of your service from NOW to VeraNet. Further, if you have a preferred carrier freeze in place, it will be lifted as part of the conversion. If you want a preferred carrier freeze on your line thereafter, you will have to request the establishment of a new freeze after the transition occurs.

VeraNet/BOI is a great and proud company of motivated, creative, highly-skilled people. We take pride in our customer service and challenge you to find anyone better. We look forward to servicing your telecommunications needs of the future. If you have any questions regarding this information, please contact VeraNet/BOI at 888/389-1400.

VERIFICATIONS

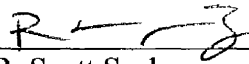
State of Colorado :
 : ss.
COUNTY OF EL PASO :

VERIFICATION

I, R. Scott Seab, state that I am VP – Regulatory Affairs of NOW Communications, Inc., Applicant in the foregoing Application; that I am authorized to make this Verification on behalf of NOW Communications, Inc.; that the foregoing Application was prepared under my direction and supervision; and that the statements in the foregoing document with respect to NOW Communications, Inc. are true and correct to the best of my knowledge, information, and belief.

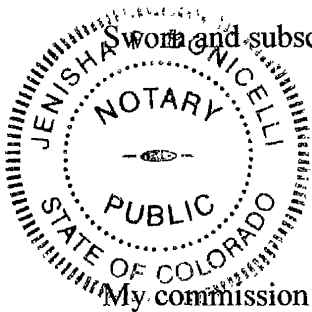
I declare under penalty of perjury that the foregoing is true and correct.

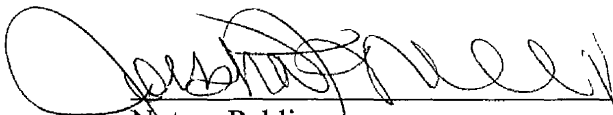
Executed on June 4, 2003, at Colorado Springs, Colorado.



R. Scott Seab
VP – Regulatory Affairs
NOW Communications, Inc.

Witnessed and subscribed before me this 4 day of June, 2003.





Notary Public

My commission expires:

JENISHA F. BONICELLI
NOTARY PUBLIC
155 LAKE AVE., COLO. SPGS., CO 80906
MY COMMISSION EXPIRES 02-13-2005

State of ILLINOIS :

: SS.

COUNTY OF COOK :

VERIFICATION

I, Donald Zyck, state that I am Assistant Secretary of Now Acquisition Corporation, Applicant in the foregoing Application; that I am authorized to make this Verification on behalf of Now Acquisition Corporation; that the foregoing Application was prepared under my direction and supervision; and that the statements in the foregoing document with respect to Now Acquisition Corporation are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 4th, 2003, at Chicago, Illinois.


Donald Zyck
Assistant Secretary
Now Acquisition Corporation

Sworn and subscribed before me this 4th day of June, 2003.


Notary Public

My commission expires:

