

ORIGINAL

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December 12, 2003

**BY OVERNIGHT MAIL**

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

040009 - TX

COMMISSION  
CLERK

DEC 15 AM 10:25

RECEIVED FPSC

Re: Joint Application for Approval of Transfer of Assets and Transfer of  
Certificates to Provide Interexchange and Local Telecommunications  
Service and Related Transactions

Dear Ms. Bayó:

Lightyear Communications, Inc. ("Lightyear"), Lightyear Telecommunications, LLC ("LLC," and collectively, the "Lightyear Companies"), along with Lightyear Network Solutions, LLC ("New Lightyear," and collectively with the Lightyear Companies, "Applicants"), through their undersigned counsel and pursuant to Section 364.33 of the Florida Statutes, FLA. STAT. ANN. § 364.33, and Commission Rules 25-4.005, hereby respectfully request that the Florida Public Service Commission ("Commission") grant authority, to the extent necessary, to permit Applicants to consummate a series of transactions through which the Lightyear Companies will emerge from bankruptcy through the transfer of substantially all of its assets to New Lightyear. Additionally, New Lightyear will engage in a financial transaction whereby it will secure additional operating capital for future operations concurrent with the transfer of the assets from the Lightyear Companies. Immediately after regulatory approval and completion of the transaction, New Lightyear will commence providing service to the current customers of the Lightyear Companies under the name Lightyear Network Solutions, LLC. As described below, because the proposed transaction is part of a larger proceeding conducted under the supervision of the U.S. Bankruptcy Court, it is not anticipated that the transaction will change the rates, terms or conditions of service currently offered by the Lightyear Companies. The Applicants therefore respectfully request that the Commission grant any and all authority necessary to permit the Applicants to consummate the aforementioned transactions.

Since April 29, 2002, the Lightyear Companies have been operating under the protection of

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*sh*

FPSC-BUREAU OF RECORDS

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward deposit information to Records.

Initials of person who forwarded check

*ABM*

DOCUMENT NUMBER-DATE

*letter*  
13033 DEC 15 3

FPSC-COMMISSION CLERK

DOCUMENT NUMBER-DATE

*envelopes*  
13034 DEC 15 3

FPSC-COMMISSION CLERK

the United States Bankruptcy Code in a case pending in the Bankruptcy Court for the Western District of Kentucky (“Bankruptcy Court”). The transactions described below will allow a reorganization of the Lightyear Companies by transferring substantially all of the assets to New Lightyear, under the control of a new set of investors, with access to the capital required to allow New Lightyear to continue operating after the completion of the reorganization. The transaction will thus ensure that the Lightyear Companies’ telecommunications customers will continue to receive services on an uninterrupted basis. Because the proposed transactions will allow New Lightyear to provide high quality services in Florida by allowing the assets of the Lightyear Companies to be transferred to a revitalized set of investors, and resume the earlier growth as a competitor in the Florida marketplace, the proposed transactions serve the public interest. As such, the Applicants have an urgent need to complete the proposed transactions as soon as possible, but in no event later than March 1, 2004.

Applicants have also attached an Application for Alternative Local Exchange Authority for New Lightyear as **Attachment 1**. In support of this Application, the Applicants state as follows:

**I. The Applicants**

**A. Lightyear Network Solutions, LLC**

New Lightyear is a newly created limited liability company formed and existing under the laws of the State of Kentucky with offices located 1901 Eastpoint Parkway, Louisville, Kentucky 40223. New Lightyear is a wholly owned subsidiary of LY Acquisition, LLC (“Acquisition”), a Kentucky limited liability company also located at 1901 Eastpoint Parkway, Louisville, Kentucky 40223.

As demonstrated below, New Lightyear is well qualified managerially, technically and financially to own and control the assets of the Lightyear Companies.

**1. Managerial Qualifications**

New Lightyear possesses the qualifications necessary to provide competitive telecommunications services throughout Florida.

Mr. Henderson, the current President and Chief Executive Officer of Lightyear Holdings, Inc., the parent of the Lightyear Companies, is also an investor in Acquisition. It is expected that he will have a similar executive position in Acquisition after the completion of this transaction and thus will be active in the day-to-day management of New Lightyear. Mr. Henderson has extensive managerial experience in the telecommunications industry.

The reorganization also contemplates that members of the senior management team responsible for the day-to-day operations of the Lightyear Companies will remain employed by New Lightyear, as more fully described below. Thus, New Lightyear’s acquisition of the assets of the Lightyear Companies will bring together the experienced management team already in place at the Lightyear Companies with the new investment capital being brought in by the investors of New Lightyear. Mr. Henderson’s experience owning, managing, developing and growing telecommunications and other domestic and global businesses will remain. As much of the existing leadership of the Lightyear Companies will serve in similar positions in New

Lightyear or Acquisition, the management team is well qualified to manage, operate and expand New Lightyear as a telecommunications carrier. Biographies of the New Lightyear management are attached as **Exhibit A**.

## **2. Technical Qualifications**

New Lightyear possesses the technical expertise to operate the assets of the Lightyear Companies. As described above, Mr. Henderson, the CEO of Lightyear Holdings, Inc. holds ownership and managerial interests in Acquisition.

In managing the technical operations of New Lightyear, Mr. Henderson will draw upon the skills of the Lightyear Companies' existing team of technical experts. Biographies of key technical personnel are included in **Exhibit A**.

New Lightyear is technically qualified to continue providing the telecommunications services currently provided by the Lightyear Companies and expanding such offerings in the future.

## **3. Financial Qualifications**

New Lightyear, through the available assets of Acquisition has substantial financial wherewithal and can satisfy the Commission's requirements for certification. Financial information for Acquisition is provided in **Exhibit B**.

Pursuant to FL ST § 366.093 and FPSC Rules of Practice and Procedure 25-22.006, Applicants respectfully request confidential treatment of the financial information attached as **Exhibit B** and submitted under protective seal. The financial information contained in **Exhibit B** is confidential and proprietary, and because Applicants are privately-held companies, this information is not available to the public. Moreover, Applicants' competitors in the telecommunications industry would obtain significant economic benefit from this information, which outlines Applicants' projected budget, expenditures, and revenues and which would place Applicants at a competitive disadvantage in the telecommunications marketplace. Therefore, Applicant respectfully requests that the Commission protect **Exhibit B** and not release them to the public without Applicants' consent.

### **B. Lightyear Communications, Inc.**

Lightyear is a privately held corporation organized and existing under the laws of the State of Kentucky with principal offices located at 1901 Eastpoint Parkway, Louisville, Kentucky 40223. Lightyear is a wholly owned subsidiary of Lightyear Holdings, Inc., a privately held corporation.

Lightyear is authorized by the Commission to provide telecommunications services in Florida as a facilities-based interexchange and local exchange carrier pursuant to Order No. PSC-93-1651-FOF-TI issued on November 29, 1993; Docket No. 98-1225-TX and Order No. PSC-98-1696-FOF-TX issued on December 15, 1998; and Docket No. 98-1313-TX and Order No. PSC-98-1696-FOF-TX issued on January 6, 1999. In Florida, Lightyear currently has approximately 6,276 long distance customers and 1,702 local customers.

### **C. Lightyear Telecommunications, LLC**

LLC is a privately held limited liability company organized and existing under the laws of the State of Kentucky with principal offices also located at 1901 Eastpoint Parkway, Louisville, Kentucky 40223. LLC is also wholly owned subsidiary of Lightyear Holdings, Inc., a privately held corporation.

LLC is authorized by the Commission to provide telecommunications services in Florida as an interexchange carrier pursuant to Certificate No. 3960 issued on January 10, 1995. LLC currently has no customers in Florida.

### **II. Contacts**

Questions or inquiries concerning this Application may be directed to the following counsel for the Applicants:

William B. Wilhelm, Jr.  
Douglas D. Orvis II  
Danielle C. Burt  
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP  
3000 K Street, NW, Suite 300  
Washington, DC 20007-5116  
(202) 295-8439 (Tel)  
(202) 424-7645 (Fax)  
WBWilhelm@swidlaw.com (Email)  
DDOrvis@swidlaw.com (Email)  
DCBurt@swidlaw.com (Email)

and:

W. Brent Rice, Esq.  
McBrayer, McGinnis, Leslie & Kirkland, PLLC  
201 East Main Street  
Suite 1000  
Lexington, Kentucky 40502  
(859) 231-8780 (Tel)  
(859) 231-6518 (Fax)

### **III. Description of the Transactions**

Applicants propose to complete a series of transactions (“Transactions”) whereby New Lightyear will acquire substantially all of the assets of Lightyear and LLC, and thus become the provider of telecommunications services to current customers of the Lightyear Companies.

The sale of assets has been approved pursuant to an auction conducted under the supervision of the U.S. Bankruptcy Court for the Western District of Kentucky on October 28, 2003. Pursuant

to the terms of the Asset Purchase Agreement executed by Acquisition and the Lightyear Companies, Acquisition agreed to an estimated purchase price of \$33.5 million through a combination of cash payment and debt assumption of the debtors to satisfy the creditors of the Lightyear Companies. At the time of closing, the assets of the Lightyear Companies will be transferred to Acquisition and then immediately transferred to New Lightyear. After the transfer of assets to New Lightyear, New Lightyear will operate as a certificated carrier in Florida, and will provide telecommunications service to all current Lightyear and LLC customers. New Lightyear will continue to conduct its operations in substantially the same manner in which those operations are currently conducted by the Lightyear Companies. Immediately after the Transactions are completed, current customers of the Lightyear Companies will continue to receive service under the same rates, terms and conditions that currently apply to their services. As a result, the proposed asset sale will be virtually transparent to customers in terms of the services that they receive.<sup>1</sup>

In addition, it is expected that Acquisition will be entering into a variety of financing arrangements at the time of consummating the aforementioned asset purchase. While the details of this transaction have not yet been finalized, this financing will involve Acquisition receiving a bank loan of approximately 14 million dollars, secured by a guarantee of the assets of New Lightyear, including the newly acquired assets from the Lightyear Companies. This transaction will occur simultaneously with New Lightyear's becoming a certificated telecommunications carrier in Florida, and thus may not technically require the approval of the Commission under Florida Statutes. Nonetheless, the Applicants provide this information in the interest of completely and accurately describing the Transactions. To the extent that the Commission believes this portion of the Transactions requires approval, the Applicants hereby request such approval.

The proposed Transactions are also not expected to materially change the Lightyear Companies' current management team which is expected to oversee New Lightyear's operations after the completion of the Transactions.

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

Applicants respectfully submit that the proposed Transactions serve the public interest. In particular, Applicants submit that (1) New Lightyear holds the managerial, technical, and financial qualifications to acquire the assets of the Lightyear Companies; (2) the Transactions will benefit competition in the Florida telecommunications market by enabling the Lightyear Companies to resume its growth as an effective competitor in the State; and (3) the Transactions will assure that there is no disruption of service and will be virtually transparent to existing customers of the Lightyear Companies.

As demonstrated above, New Lightyear is well qualified, managerially, technically and financially, to acquire the assets of the Lightyear Companies. The above qualifications considered, approval of the transactions and transfer of the assets of the Lightyear Companies to New Lightyear serves the public interest.

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<sup>1</sup> An organizational chart illustrating before and after the Transactions is provided as **Exhibit C**.

The Lightyear Companies' current financial position has effectively precluded it from growing as a competitor in the telecommunications market. As a practical matter, although no services to customers have been discontinued or interrupted as a result of the Lightyear Companies' bankruptcy, the Lightyear Companies have not been able to compete effectively for new customers or expand its business operations during this period. Moreover, because some of its competitors have capitalized on the uncertainty inherent in bankruptcy, the Lightyear Companies have also seen an erosion in its customer base during this time.

The Transactions will further the public interest by fostering competition. The completion of the proposed Transactions will remove the financial and operational factors that currently constrain the Lightyear Companies, thereby allowing New Lightyear to compete effectively in the Florida telecommunications market and continue to offer alternative high-quality, competitively priced telecommunications service to Florida customers. As a result, the proposed Transactions are expected to increase competition in Florida and provide Florida customers a stronger alternative to incumbent and other competitive local and long distance service providers.

Existing customers, in particular, will realize significant public interest benefits from the proposed Transactions. The proposed Transactions will allow the Lightyear Companies to avoid liquidation and ensure that existing customers will continue to receive service from New Lightyear without disruption, interruption or customer migration. Those customers will continue to receive the same high quality, affordable telecommunications services that they currently receive. The assets of the Lightyear Companies will therefore emerge from bankruptcy in a manner that is virtually transparent to existing customers.

Applicants also intend to keep customers informed of any significant changes to their services. All customers will be notified by letter of the Transactions and given assurances regarding the continued provision of Lightyear services. A copy of that customer letter is attached hereto as **Exhibit D**. In accordance with Commission Rules 25-4.005, the Applicants request this letter be approved by the Commission.

As demonstrated above, the proposed Transactions do not present novel or complex issues for Commission consideration. The Lightyear Companies are non-dominant competitive carriers that do not control a substantial portion of the Florida telecommunications market. Because New Lightyear is led by a highly capable management team and most of the existing senior management of the Lightyear Companies will oversee day-to-day New Lightyear operations, the proposed Transactions will be seamless in nature. Accordingly, Applicants respectfully submit that the information presented in this Application is sufficient to permit the Commission to rule on the Transaction and that, due to its non-controversial nature, further submit that this matter is appropriate for expedited consideration.

## CONCLUSION

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this instant Application, failure to grant it would directly harm the public interest. In light of the exigent circumstances and, in particular the need to ensure continuity of service to existing customers, Applicants respectfully request expedited treatment to permit Applicants to consummate the proposed Transactions as soon as possible, but in no event after March 1, 2004.

An original and six (6) copies of this filing are enclosed. A check for \$250.00 to cover the requisite filing fees is also enclosed. Please date-stamp and return the enclosed extra copy of this filing in the postage-prepaid addressed envelope provided. If there are any questions regarding this filing, please contact Danielle Burt at (202) 295-8439.

Respectfully submitted,



William B. Wilhelm, Jr.

Douglas D. Orvis II

Danielle C. Burt

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

3000 K Street, NW, Suite 300

Washington, DC 20007-5116

(202) 424-7500 (Tel)

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WBWilhelm@swidlaw.com (Email)

DDOrvis@swidlaw.com (Email)

DCBurt@swidlaw.com (Email)

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP 3000 K STREET, N.W. SUITE 300, WASHINGTON, DC 20007

CHECK NO.: D 148160

REF. #	INV. #	DATE	INVOICE AMOUNT	INVOICE DESCRIPTION	AMOUNT PAID
204255	ST111903	11-19-03	250.00	Application Fee	250.00
CUSTOMER NO.					

ORIGINAL DOCUMENT PRINTED ON CHEMICAL REACTIVE PAPER WITH MICROPRINTED BORDER - SEE REVERSE SIDE FOR COMPLETE SECURITY FEATURES

**SWIDLER BERLIN SHEREFF FRIEDMAN, LLP**  
 3000 K STREET, N.W. SUITE 300  
 WASHINGTON, DC 20007

CHECK DATE  
 11/19/03

CHECK NO. D 148160

Citibank DC Operating  
 1775 Pennsylvania Avenue, NW  
 Suite 440  
 Washington, DC 20006

CHECK AMOUNT  
 250.00\*\*\*\*\*

TWO HUNDRED FIFTY AND 00/100 Dollars

TWO SIGNATURES REQUIRED ON CHECK  
 OVER \$25,000.00

*[Signature]*  
 OPERATING ACCOUNT

PAY  
 TO THE  
 ORDER OF

Florida Public Service Commission

Safeguard S.E.C.  
 SAFEGUARD S.E.C.



**List of Exhibits**

<b>Attachment 1</b>	<b>Application for Alternative Local Exchange Authority</b>
<b>Exhibit A</b>	<b>Management Biographies</b>
<b>Exhibit B</b>	<b>Financial Information (<i>Filed Under Seal</i>)</b>
<b>Exhibit C</b>	<b>Organizational Chart</b>
<b>Exhibit D</b>	<b>Customer Letter</b>

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

**DIVISION OF COMPETITIVE MARKETS AND ENFORCEMENT**  
**CERTIFICATION**

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

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**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 Page 12).
- ❖ 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 the Commission Clerk and Administrative Services***  
**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 Competitive Markets and Enforcement**  
**Certification**  
**2540 Shumard Oak Blvd.**  
**Tallahassee, Florida 32399-0850**  
**(850) 413-6600**

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# 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:**

Lightyear Network Solutions, LLC

**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):**

1901 Eastpoint Parkway  
Louisville, Kentucky 40223

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

Applicant does not currently have an office in the State of Florida. If Applicant does establish an office in the future, Applicant will provide this information to the Commission upon request.

**6. Structure of organization:**

- |   |  |
|---|--|
| <input type="checkbox"/> Individual                     | <input type="checkbox"/> Corporation         |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership            | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> 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:

Applicant has applied for the registration number and will provide it once  
received.

**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.**

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):** \_\_\_\_\_

**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.

Not Applicable. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(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.

As the Applicant is to serve as the successor company to Lightyear Communications, Inc. and Lightyear Telecommunications, LLC, virtually all of the existing officers of these two entities will serve as officers for the Applicant. \_\_\_\_\_  
\_\_\_\_\_

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

(a) The application:

Name: Douglas D. Orvis II and Danielle C. Burt  
Title: Counsel to Applicant  
Address: 3000 K Street, N.W., Suite 300  
City/State/Zip: Washington, D.C. 20007  
Telephone No.: (202) 295-8439 Fax No.: (202) 424-7645  
Internet E-Mail Address: DDOrvis@swidlaw.com; DCBurt@swidlaw.com  
Internet Website Address: swidlaw.com

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

Name: Linda Hunt  
Title: Manager of Regulatory Affairs  
Address: 1901 Eastpoint Parkway  
City/State/Zip: Louisville, Kentucky  
Telephone No.: (502) 244-6666 Fax No.: (502) 515-4138  
Internet E-Mail Address: Lindah@lightyearcom.com  
Internet Website Address: \_\_\_\_\_

(c) Complaints/Inquiries from customers:

Name: Linda Hunt  
Title: Manager of Regulatory Affairs  
Address: 1901 Eastpoint Parkway  
City/State/Zip: Louisville, Kentucky  
Telephone No.: (502) 244-6666 Fax No.: (502) 515-4138  
Internet E-Mail Address: Lindah@lightyearcom.com  
Internet Website Address: www.lightyearcom.com

**17. List the states in which the applicant:**

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

None.

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

Nationwide, except Alaska, in conjunction with the transfer of assets in bankruptcy.

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

None.

---

(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.

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**18. Submit the following:**

**A. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.**

See Exhibit A.

---

**B. 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 A.

---

### **C. 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.

#### **Applicant is a newly formed corporation and does not have 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 **See Exhibit B.**
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.

**Applicant has sufficient financial capabilities to undertake its proposed operations in Florida, to establish and maintain its services, and to comply with all ownership obligations.**

**Attached hereto as Exhibit B is financial information of Applicant's parent, LY Acquisition, LLC. This information shows that Applicant has cash flow sufficient to provide its proposed services. Since Applicant is a new entity, no financial statements are available. The attached financial information in Exhibit B is certified to be true and correct.**



THIS PAGE MUST BE COMPLETED AND SIGNED

**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. APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

Brent Rice  
**Print Name**

*Brent Rice*  
**Signature**

Interim Chief Executive Officer  
**Title**

11/30/03  
**Date**

(502) 244-6666  
**Telephone No.**

(502) 515-4138  
**Fax No.**

**Address:**

1901 Eastpoint Parkway

Louisville, Kentucky 40223

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**THIS PAGE MUST BE COMPLETED AND SIGNED**

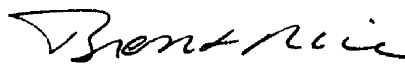
**AFFIDAVIT**

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:**

Brent Rice  
**Print Name**

  
**Signature**

Interim Chief Executive Officer  
**Title**

11/30/03  
**Date**

(502) 244-6666  
**Telephone No.**

(502) 515-4138  
**Fax No.**

**Address:**

1901 Eastpoint Parkway

Louisville, Kentucky 40223

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) J. Sherman Henderson, III

(Title) President and CEO of (Name of Company)

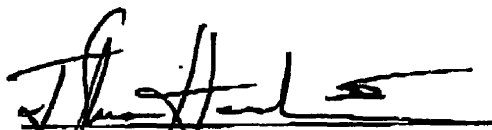
Lightyear Holdings, Inc., the parent of Lightyear Telecommunications, LLC and current holder of Florida Public Service Commission Certificate Number # 3960, have reviewed this application and join in the petitioner's request for a:

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

of the above-mentioned certificate.

**UTILITY OFFICIAL:**

J. Sherman Henderson, III  
Print Name

  
Signature

President and CEO  
Title

December 12, 2003  
Date

(502) 244-6666  
Telephone No.

(502) 515-4138  
Fax No.

**Address:**

1901 Eastpoint Parkway

Louisville, Kentucky 40223

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) J. Sherman Henderson, III

(Title) President and CEO of (Name of Company)

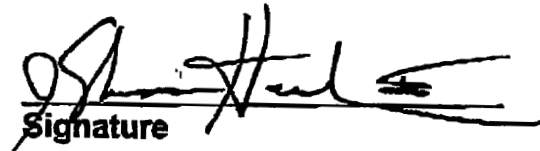
Lightyear Holdings, Inc., the parent of Lightyear Communications, Inc. and current holder of Florida Public Service Commission Certificate Number # 3500, have reviewed this application and join in the petitioner's request for a:

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

of the above-mentioned certificate.

#### UTILITY OFFICIAL:

J. Sherman Henderson, III  
Print Name

  
Signature

President and CEO  
Title

December 12, 2003  
Date

(502) 244-6666  
Telephone No.

(502) 515-4138  
Fax No.

#### **Address:**

1901 Eastpoint Parkway

Louisville, Kentucky 40223

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**EXHIBIT A**  
**Management Biographies**

**LIGHTYEAR COMMUNICATIONS, INC.**  
**TECHNICAL ABILITY AND RESUMES OF KEY PERSONNEL**

**J. Sherman Henderson, III, President and Chief Executive Officer**

Mr. Henderson has over twenty-five years of business experience, including sales, marketing and management. Mr. Henderson was instrumental in the growth and success of Charter Network, a long distance carrier serving five Midwestern states. He was associated with Charter from 1986 until its sale to Litel in 1990. Under Mr. Henderson's guidance, Charter grew from \$9 million in annual revenues to \$50 million in four years. Directly prior to founding Lightyear, he served as an officer for Turbo Consulting Enterprises, Inc., located in Louisville, Kentucky, which provides a wide range of consulting services to the telecommunications industry. Mr. Henderson is a graduate of Florida State University, with a B.A. degree in Business Administration. Mr. Henderson currently serves as Chairman of the Telecommunications Resellers Association.

**John J. Greive, Vice President of Regulatory Affairs and General Counsel**

Prior to joining Lightyear in July, 1996, John Greive maintained a general practice as a partner with Chandler, Saksefski and Greive. John also worked as an associate in the corporate section of a mid-sized firm in Louisville, Kentucky. John is responsible for managing all legal and regulatory affairs including representing Lightyear before state and federal regulatory agencies. He received his B.S. in Mathematics from Bellarmine University and his Juris Doctorate from the University of Louisville. John also serves as the Corporate Secretary for Lightyear.

**G. Henry Hunt, Senior Vice President of Sales and Marketing**

G. Henry Hunt joined Lightyear in 1996, and currently is responsible for Lightyear's Agent program including recruitment, sales support, marketing and product development. Hunt previously served as Lightyear's Director of Strategic Planning and Vice President of Marketing. Before joining Lightyear, he was President of Babcock-Rickert Advertising; worked in Marketing with Chi-Chi's, Restaurants Inc; and served as a consultant for national retail, product, and business-to-business marketing companies. Since joining Lightyear, Hunt has made significant contributions in Agency recruitment, product marketing, business planning and systems development. Hunt is a graduate of the University of Kentucky School of Journalism with additional study in Marketing.

**Edward J. Wampler, Senior Vice President of Operations**

Edward J. Wampler, Senior Vice President of Operations, has played a critical role in Lightyear's Operations Department from the company's beginnings in 1993. He previously served as Operations Manager for Charter Network, where he directed marketing projects, implemented productivity reporting, created standard operations manuals, instituted performance standards, and was responsible for developing Charters customer service and order processing departments. Wampler also served as the manager for LCI International's customer service division after Charter Network was purchased. His Lightyear responsibilities include overseeing many facets of Lightyear's Operations, which include the Customer Service and Order Provisioning Divisions. Wampler received a B.A. in Economics from the University of Louisville.

**Elaine G. Bush, Vice President of Finance**

Elaine G. Bush began her career with Lightyear in 1996 as Controller. She has since moved up to head the company's finance department as Vice President of Finance, where she supervises the company's financial reporting, commissions, Financial Billing Center, pricing and Collections. Before coming to Lightyear, Bush operated her own accounting consultancy, JG Enterprises, where she worked to set up accounting systems for Lightyear, her biggest client. Her background in accounting management is quite diverse, with her career spanning positions as Controller at Centran Corporation, Manager of Accounting Operations for Entrade Corporation, and Accounting Supervisor of NTS Corporation. She received her B.S. in Accounting at the University of Louisville and is a Certified Public Accountant.

**LIGHTYEAR COMMUNICATIONS, INC.**  
**TECHNICAL ABILITY AND RESUMES OF KEY PERSONNEL**

**Rena Phillips, Vice President of Operations**

Rena Phillips began her career at Lightyear on October 3, 1993, as a Customer Service Representative. She has been involved with the Telecommunications Industry for approximately the past fifteen years in both the provisioning and customer services areas. As Vice President of Operations, Ms. Phillips will be responsible for the customer service and order provisioning divisions associated with the 1 + Switched and Local Products. Through her tenure at Lightyear, she has carried many titles, positions, and responsibilities. She has been instrumental in the development of our Order Provisioning and Customer Services Departments, and has been an influential driving force in the implementation of the new Arbor billing platform from a user's prospective. She has served as the Director of Order Provisioning, IT Director for the Arbor installation, served as the Chairperson of the Core Team for the development of the standards and operating procedures that govern the Arbor Billing system. Rena recently accepted the responsibility of managing the Arbor Conversion Clean-Up Project. Rena's in-depth knowledge of the traditional long distance business coupled with her local knowledge will be a continued asset to Lightyear.

**Kevin Shady, Vice President of Local Development**

Kevin Shady joined Lightyear in May 1994 as Product Manager, and worked his way up through many positions to become Vice President of Network Development. In this capacity, he works with Lightyear's vendor partners to negotiate product packages and evaluate network capacity. His areas of responsibility include Long Distance, Local and Data/Internet Services, as well as negotiating wholesale contracts with potential Agents and CLEC Management. He came to Lightyear from Brown & Williamson, where he worked in a wide variety of sales and marketing positions. Before entering the marketing field, he was an on-air correspondent at television stations in the Evansville, Ind., market. Shady earned his M.B.A. from Indiana University.

**Timothy J. Morgan, Vice President of Information Technology**

Timothy J. Morgan came to Lightyear in 1996 as the Billing Manager. He has since been given additional responsibilities of Direct Commissions, Tax and Regulatory, and most recently, promoted to Vice President of Information Technology. Prior to working for Lightyear, Morgan worked in public accounting with the firm of Eskew & Gresham as both a field auditor and as part of Computer Consulting firm as an EDP auditor. His background also includes being Comptroller of a 7-bank holding company and working as a software developer in the health care industry. Morgan has been a certified public accountant in the state of Kentucky since 1986.

**J. Clay Masters, Vice President of Sales**

Clay Masters, brings extensive leadership experience to Lightyear. After attending the University of Kentucky, Masters opened his own company and signed an Agent agreement with Lightyear. In 1996, Masters was recruited by Lightyear to be Manager of Business Development in order to help secure and complete contractual agreements with new Agents for the sale of telecommunications services to small to medium sized companies. Soon after joining Lightyear, Masters was promoted to Director of Business Development. In February, 2002 he was promoted to Vice President of Sales responsible for all aspects of the Lightyear Agent Partner Channel.

**Josh Henderson, Vice President of Sales**

Mr. Henderson joined Lightyear in 1997. Before joining Lightyear, from 1995 to 1997, Mr. Henderson worked in Sales at Hands on Originals, an S&S Tire Company, running the College Wearable Division. Since joining Lightyear, he has served as Director of Emerging Markets in 1999, and as Senior Director in Lightyear's Northeast and Mid-Atlantic Markets in 2000. Mr. Henderson is responsible for twelve sales offices throughout the Southeast, Central, Midwest and Northeast Regions. He has a Bachelor of Science degree in Communications from the University of Kentucky.

## **EXHIBIT B**

### **Financial Information** *(Filed Under Seal)*

Pursuant to FL ST § 366.093 and FPSC Rules of Practice and Procedure 25-22.006, Applicants respectfully request confidential treatment of the financial information attached hereto and submitted under protective seal. The financial information contained herein is confidential and proprietary, and because Applicants are privately-held companies, this information is not available to the public. Moreover, Applicants' competitors in the telecommunications industry would obtain significant economic benefit from this information -- outlining Applicants' projected budget, expenditures, and revenues -- which would place Applicants at a competitive disadvantage in the telecommunications marketplace. Therefore, Applicant respectfully requests that the Commission protect these attachments and not release them to the public without Applicants' consent.

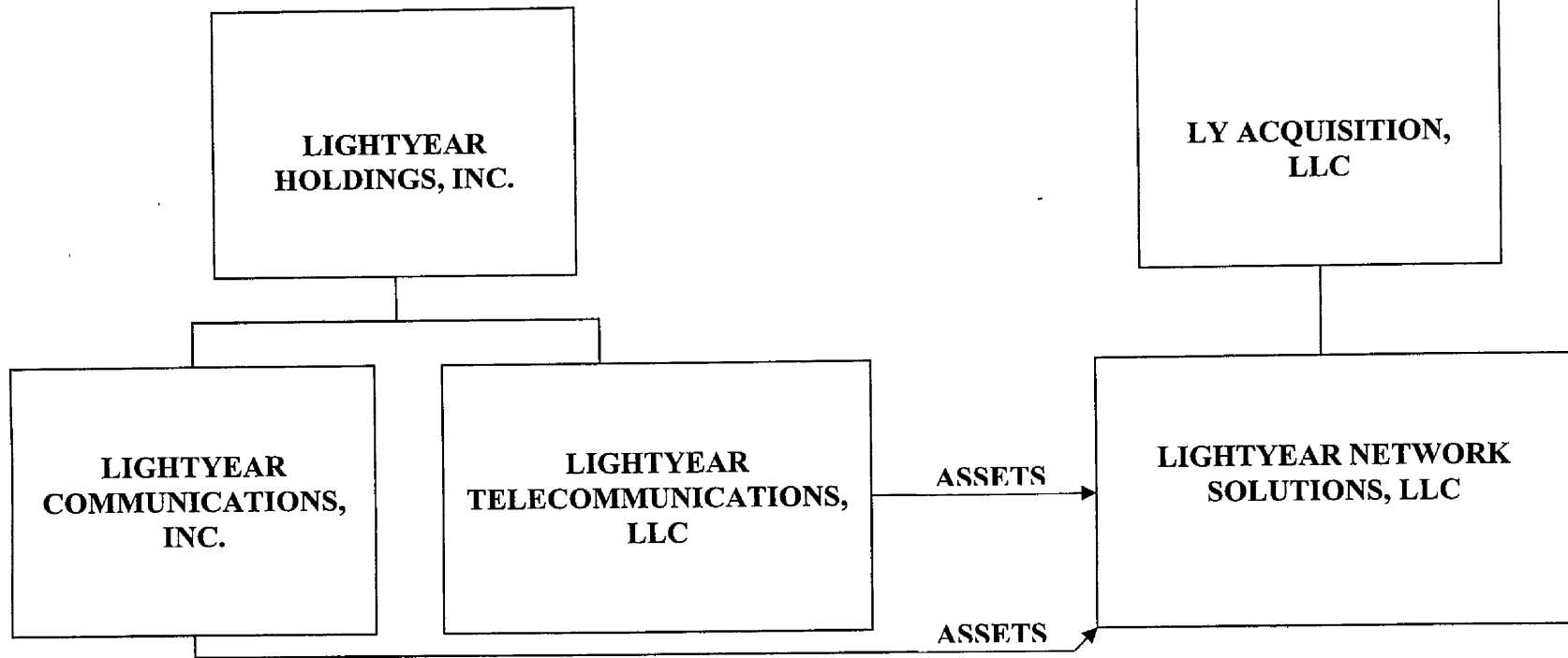


**EXHIBIT C**  
**Organizational Chart**

# ILLUSTRATION OF TRANSACTIONS

## SELLERS

## BUYERS



**EXHIBIT D**  
**Customer Letter**

## [INSERT LIGHTYEAR AND OR NEWCO LETTERHEAD/LOGOS]

Dear Valued Customer:

Recently, your telecommunications provided, **Lightyear Communications, Inc.** ("Lightyear"), entered into a series of transaction through which the Lightyear will emerge from bankruptcy through the transfer of substantially all of its assets to Lightyear Network Solutions, LLC ("New Lightyear"). New Lightyear will automatically become your telecommunications provider on or about March 31, 2004. The actual effective date of the transfer will be on a customer by customer basis and will depend on when we receive the appropriate state and federal regulatory approvals.

Please rest assured that the transaction **will not affect the services you currently receive** and that you will continue to receive services with the same rates, features, terms and conditions as the service you currently enjoy. You will continue to receive top quality services with performance which meets or exceeds that of the services you currently receive. If you reside in Tennessee, and pursuant to Tennessee law, we are required to tell you that the proposed transaction will not affect the rates, terms or conditions under which you currently receive service. However, in compliance with Tennessee law, we are required to advise you that we will provide at least thirty (30) notice to you in the event that any increase in your rates occurs within the ninety (90) days following the completion of the change in your service provider. The transaction has been structured such that customers should not be charged any carrier-change charges levied by your local telephone company. If, however, such a charge does appear on the bill from your local telephone company as a result of this transfer of service to New Lightyear, please call New Lightyear's customer service department toll-free 866-946-2222, and they will reimburse you or credit your account accordingly.

Please note that any "freeze" you have placed on your existing telephone lines to prevent unauthorized transfer to another long distance carrier will be over-ridden for purposes of this transaction, and will need to be reinstated by you after the transfer is complete.

You may, of course, choose another carrier for your telephone service, subject to any termination restrictions in your contract. Customers who wish to choose their own long-distance telephone provider will need to contact that carrier prior to March 10, 2004. Please note that if you are a customer of former Lightyear on the date of the transfer and you have not informed Lightyear that you have made arrangements on your own to switch to a telephone company other than New Lightyear, your account will automatically be transferred and your contract assigned to New Lightyear, even if you have previously arranged for a preferred carrier freeze through your local phone company.

Any questions you may have regarding your current services can be addressed by calling former Lightyear's customer service department using your current toll-free number at 800-805-8383. You may also contact New Lightyear's customer service department to learn more about New Lightyear and its service offerings prior to the transfer by calling its toll-free number at 866-946-2222. Any service orders or complaints you may have prior to the transfer should be addressed to former Lightyear, while any service orders or complaints you may have during the transfer may be directed to New Lightyear.

We look forward to continuing to provide you with quality service for many years to come. In the meantime, if you have specific questions about this notice, please contact us at 1-866-946-2222, or if you reside in Hawaii, you may contact the Hawaii Public Service Commission at 465 S. King Street, First Floor, Honolulu, Hawaii 96813 (Telephone) (808) 586-2020.

Sincerely,

**Lightyear Network Solutions, LLC**