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October 22, 2001

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WRITER'S DIRECT DIAL  
202-383-5130

WRITER'S E-MAIL ADDRESS  
rdyer@omm.com

**VIA OVERNIGHT MAIL**

Thomas Dorman, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

**Re: United Systems Access Telecom, Inc.  
Application for Authority to Provide Telecommunications  
Services in Kentucky**

Dear Mr. Dorman:

On behalf of United Systems Access Telecom, Inc., we hereby submit an original and 3 copies of an application for authority to provide interexchange telecommunications service in Kentucky.

Please date-stamp the enclosed extra copy and return it to us in the attached self-addressed, stamped envelope. Should you have any questions concerning this matter, please do not hesitate to contact the undersigned at (202) 383-5130.

Respectfully submitted,



Richard Joseph Dyer  
Counsel for United Access Systems Telecom, Inc.

Enclosure(s)

RJD:ss

cc: Kathy Deschambault for Stephen J. Gilbert

BEFORE THE  
PUBLIC SERVICE COMMISSION OF KENTUCKY

**COPY**

In the Matter of the Application of

UNITED SYSTEMS ACCESS  
TELECOM, INC.

For Authority to Provide Resold Interexchange  
Telecommunications Services

Notice of Transfer of Customer Base  
Of Essential.com

Case No. \_\_\_\_\_

**APPLICATION FOR AUTHORITY TO OPERATE AS**  
**A RESELLER OF INTEREXCHANGE TELECOMMUNICATIONS SERVICES,**  
**AND**  
**NOTICE OF TRANSFER OF CUSTOMER BASE OF ESSENTIAL.COM**

Christine M. Davenport  
O'MELVENY & MYERS LLP  
1650 Tysons Boulevard  
Suite 1150  
McLean, Virginia 22102  
Telephone: (703) 287-2400  
Fax: (703) 287-2499

Its Attorney

October 22, 2001



customers or providers. USA Telecom contends its entry will bolster competition for the provision of resold interexchange telecommunications services, which is essential to the state's continued economic health. Moreover, approval of this Application will have the additional benefit of furthering the pro-competitive purposes the Federal Telecommunications Act of 1996.

3. Therefore, USA Telecom respectfully (i) applies for authority to provide the resold interexchange telecommunications services described herein; and (ii) notifies the Commission of its intended transfer of the customer base of Essential.com to USA Telecom.

## **II. BACKGROUND OF TRANSACTION**

1. On June 29, 2001, Essential.com, a certified telecommunications carrier within Kentucky, filed for voluntary bankruptcy protection under Chapter 11, title 11 of the United States Code, 11 U.S.C. § §101, *et seq.*, as amended, in the United States District Court for the District of Massachusetts, Eastern Division ("Bankruptcy Court"). Shortly thereafter, Essential.com entered into agreements for the sale of its customer base, certain trademarks and other assets. On August 1, 2001, the Bankruptcy Court entered an order of private sale of the assets, and provided notice to creditors and other interested parties soliciting counter-offers. USA Telecom participated in the counter-offer, and was determined to be the high bidder for the assets.

2. On May 9, 2001, the Bankruptcy Court entered an order (the "Order") directing Essential.com and USA Telecom to consummate immediately the sale of Essential.com's assets, including its customer base, to USA Telecom. A copy of the Order is attached hereto as **Exhibit A**.

3. Pursuant to the terms of the Order, USA Telecom and Essential.com have entered into a management agreement whereby USA Telecom will manage the business operations of Essential.com until such time as USA Telecom obtains all necessary regulatory approvals from the appropriate state commissions.

4. USA Telecom hereby files this Application in order to obtain its own certification to provide telecommunications services in Kentucky, and to notify the Commission of the transfer of the customer base from Essential.com to USA Telecom.

**III. APPLICATION FOR AUTHORITY TO PROVIDE RESOLD INTEREXCHANGE SERVICES**

**A. IDENTIFICATION AND OWNERSHIP OF USA TELECOM**

1. USA Telecom's legal name is United Systems Access Telecom, Inc. USA Telecom maintains its principal place of business at:

5 Bragdon Lane  
Suite 200  
Kennebunk, ME 04043  
Telephone: (207) 467-8000  
Facsimile: (207) 467-8008  
Toll Free Number: (888) 872-9400

2. USA Telecom is organized under the laws of the State of Delaware, was incorporated on May 7, 2001, and does not at the present time intend to utilize any trade names in connection with its telecommunications services. Attached hereto as **Exhibit B** is a copy of the USA Telecom's Certificate of Incorporation and Certificate of Authority to Do Business as a Foreign Corporation in the state of Kentucky.

3. Correspondence or communications pertaining to this Application and regulatory matters should be directed to:

Christine Davenport  
O'Melveny & Myers LLP  
1650 Tysons Boulevard  
Suite 1150  
McLean, Virginia 22102  
Telephone: (703) 287-2400  
Fax: (703) 287-2499

4. Questions concerning the ongoing operations USA Telecom following certification should be directed to:

Stephen J. Gilbert  
President & CEO  
5 Bragdon Lane  
Suite 200  
Kennebunk, ME 04043  
Telephone: (207) 467-8000  
Facsimile: (207) 467-8008

5. USA Telecom does not seek authority to provide operator assisted services to traffic aggregators as defined in Administrative Case No. 330.

6. USA Telecom is a wholly owned subsidiary of United States Access, Inc., a Delaware corporation, which has the same address and phone number as USA Telecom. USA Telecom has no subsidiaries.

## **B. FINANCIAL QUALIFICATIONS**

1. USA Telecom is financially qualified to provide resold interexchange service throughout Kentucky. USA Telecom has access to the financing and capital necessary to conduct the telecommunications operations as specified in this Application. Attached hereto under seal as **Exhibit C** is a copy of USA Telecom's most recent audited financial statements.

2. This exhibit is offered to demonstrate USA Telecom's financial ability to operate as a telecommunications service provider in the state of Kentucky. This information is confidential and commercially sensitive. Accordingly, USA Telecom has included the information in a sealed envelope marked "CONFIDENTIAL," attached only to the original of this Application. USA Telecom respectfully requests that the information not be divulged to the public and be treated as confidential.

## **C. TECHNICAL AND MANAGERIAL QUALIFICATIONS**

1. USA Telecom possesses the managerial and technical qualifications necessary to provide resold and facilities-based telecommunications services in Kentucky. USA Telecom's operations will be coordinated by a team of professional, technical, and operations personnel. The current management team has extensive experience in the telecommunications industry and has already negotiated successful agreements with Verizon and Sprint. Attached hereto as **Exhibit D**, is a list and description of the qualifications of USA Telecom's directors, officers and key personnel.

Applicant will have procedures to prevent deceptive and unfair marketing practices, and will comply with all applicable service and billing standards. Applicant will comply with applicable intraLATA access requirements of incumbent local exchange telephone companies, and with all other applicable rules, regulations, and standards.

Applicant asserts that it has never illegally acquired a customer by switching it from another company without the customer's authorization and will not intentionally do so in the

future. There have been no civil or criminal proceedings against the Applicant in any jurisdiction.

**D. PROPOSED SERVICES AND SERVICE AREA**

USA Telecom seeks statewide authority to provide resold interexchange telecommunications services to and from all points in the state of Kentucky consistent with this Application. USA Telecom intends to offer resold interexchange services on a 1+ and 0+ basis within its licensed area. USA Telecom does not, at this time, own, lease, nor maintain a point of presence in Kentucky, and therefore has not included maps detailing USA Telecom's owned or leased facilities.

USA Telecom has been certified or registered to provide telecommunications services in Maine, Massachusetts, Pennsylvania (provisional) and Rhode Island, and additionally has pending applications to be certified or registered to provide telecommunications services in Maryland, New Jersey and New York. USA Telecom is in the process of applying for certification or other applicable regulatory authorizations or registrations in all states where it has not already obtained such authorization or approval.

USA Telecom is in the process of developing detailed management policies and operating procedures and supplier relationships that it will implement in association with its provision of telecommunications services, and will forward specific information about the above items as they become available upon request.

USA Telecom does not intend to utilize customer deposits or advance payments.

**E. PROPOSED TARIFF**

USA Telecom's proposed resold interexchange tariff detailing the terms of service and current rates is attached hereto as **Exhibit E**. USA Telecom is aware that its proposed tariff is for illustrative purposes only, and that its tariffs will be reviewed by staff prior to approval.

**IV. NOTICE OF TRANSFER OF CUSTOMER BASE**

1. On May 9, 2001, the Bankruptcy Court entered the Order directing Essential.com to consummate the sale of its customer base to USA Telecom. This notice informs the Commission of that sale.

2. As demonstrated above, USA Telecom is financially, technically, and managerially qualified to provide the telecommunications services for which it seeks authority. Therefore, transfer of customers from Essential.com to USA Telecom is in the public interest.

3. In order to comply with Federal Communication Commission and applicable state regulations, USA Telecom plans to distribute to its customers within Kentucky the customer change notification attached hereto as **Exhibit F**. This notice provides customers with information regarding the change of carrier, and allows them to make an informed decision regarding their ability to retain USA Telecom as their primary carrier.

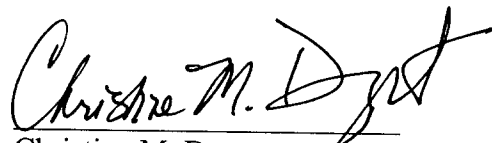
## V. **CONCLUSION**

1. United Systems Access Telecom, Inc. respectfully requests that the Commission enter an Order which grants it a license to provide resold interexchange services throughout the state of Kentucky.

2. For the reasons stated above, USA Telecom's provision of such services would promote the public interest by providing high-quality service at competitive prices, and by creating greater economic incentives for development and improvement for all competing providers.



Respectfully submitted,

A handwritten signature in black ink, appearing to read "Christine M. Davenport". The signature is written in a cursive style with a horizontal line underneath it.

Christine M. Davenport  
O'Melveny & Myers LLP  
1650 Tysons Boulevard  
Suite 1150  
McLean, Virginia 22102  
Telephone: (703) 287-2400  
Fax: (703) 287-2499

Dated: October 22, 2001

**EXHIBIT LIST**

- Exhibit A            Bankruptcy Court Order Authorizing Sale of Customer Base
- Exhibit B            Certificate of Incorporation and Authority to Do Business in Kentucky
- Exhibit C            Financial Statements
- Exhibit D            Directors, Officers and Managerial Qualifications
- Exhibit E            Resold Interexchange Tariff
- Exhibit F            Customer Change Notification

**Exhibit A**  
**Bankruptcy Court Order**



It is hereby found, concluded, and determined that:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any finding of fact shall later be determined to be a conclusion of law it shall be so deemed and vice versa.

B. This Court has jurisdiction to hear and determine the Private Sale Motions pursuant to 28 U.S.C. §§ 157 and 1134.

C. Venue of this case in this district is proper pursuant to 28 U.S.C. § 1408(a) and § 1409(a).

D. Determination of the Private Sale Motions is a core proceeding under 28 U.S.C. §§ 157(b) (2)(A) and (N). The statutory predicates for the relief requested herein are §§ 105 and 363 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, as amended (the "Bankruptcy Code"), Bankruptcy Rules 2002, and 6004, and MLBR 2002-1 and 6004-1.

E. On June 29, 2001 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code") with the Bankruptcy Court. Since the Petition Date, the Debtor has continued to operate its business and manage its affairs as a debtor and debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On July 18, 2001, the United States Trustee appointed a creditors' committee, pursuant to Section 1102 of the Bankruptcy Code. No trustee or examiner has been appointed.

F. The Debtor provides telecommunication services to certain individuals and small businesses ("Customer Base").

G. The Debtor entered into, subject in all respects to approval of this Court, to the certain agreements (collectively, the "Agreements") for the sale of the Customer Base and certain of the Debtor's trademarks and URL, as follows:

- (i) Asset Purchase dated July 26, 2001 (the "Zone Agreement") with Zone Telecom, Inc. ("Zone"), for the purchase and sale of certain parts of the Customer Base for \$325,000;
- (ii) Asset Purchase dated July 26, 2001 (the "Broadview Agreement") with Broadview Networks, Inc. ("Broadview"), for the purchase and sale of certain parts of the Customer Base and certain of the Debtor's tradenames, and URLs for \$475,000; and
- (iii) Asset Purchase dated July 26, 2001 (the "Essex Agreement") with Essex Communications, Inc. ("Essex"), for the purchase and sale of certain parts of the Customer Base for \$125,000;

H. On August 1, 2001, this Court entered an Order ("Sales Procedure Order") with respect to the Private Sale Motions.

I. The Private Sale Motions are for a sound business purpose, are in the best interest of the Debtor's estate, and are authorized outside the ordinary course of business, pursuant to section 363(b) of the Bankruptcy Code.

J. The Debtor provided fair and reasonable notice of the Private Sale Motions and the Sales Hearing to all creditors and other parties in interest and such other notice as is appropriate under the circumstances. The Notice of the Private Sale Motions provided interested bidders with notice of the Private Sale Motions and Sales Hearing and an opportunity to bid for the Customer Base.

K. An objection to the Private Sale Motions was timely filed by the Office of the Attorney General of Commonwealth of Massachusetts ("Mass. AG Objection").

L. The Debtor received qualifying counter-offers from:

(i) United Systems Access, Inc. ("USA") submitted a counteroffer for the entire Customer Base and the other assets <sup>specified in USA's bid</sup> subject to the Broadview Agreement (the "USA Entirety Bid") for \$1,100,000; and

(ii) Eastern Telephone, Inc. ("Eastern") for a certain part of the Customer base described in the Broadview Agreement for \$535,000.

M. Based upon the foregoing, and for reasons stated on the record at the Sales Hearing, this Court has determined that the best offer to purchase the Customer Base has been submitted by:

United Systems Access Inc. for \$1,300,000

N. Based upon the foregoing, and for reasons stated on the record at the Sales Hearing, this Court has determined that the second best offer to purchase the Customer Base has been submitted by:

ZONE for \$375,000  
ESSEX for \$125,000  
Broadview for \$735,000

O. The Private Sale Motions request that the Customer Base be sold free and clear of all liens, claims, interests and encumbrances whatsoever ("Liens"), known and unknown, including without limitation, those liens asserted against the Customer Base and noted in the Private Sale Motions, and any liens, claims, interests and encumbrances held by any of the

creditors of the within bankruptcy estate of the Debtor. A sale of the Customer Base other than free and clear of liens, claims and encumbrances would be of substantially less benefit to the bankruptcy estate.

P. At the Sales Hearing, the Debtor and the Official Committee of Unsecured Creditors recommended that the Court approve the sale of the Customer Base. All secured parties with liens on the Customer Base have either consented to or have received notice and not objected to the sale of the Customer Base, with such liens to attach to the proceeds of sale, or such parties could be compelled to accept monetary satisfaction of such lien.

Q. It is therefore in the best interests of the bankruptcy estate herein, that the Court enter this order (the "Sale Order") (i) pursuant to §§ 105(a) and 363 of the Bankruptcy Code, authorizing and directing the Debtor to sell the Customer Base to the successful bidders ("Successful Bidders"): USA

USA directly B.A.

subject to such additional terms and provisions as may be set forth in the ~~Agreements including~~ ~~adjustments to the Purchase Price.~~

R. The approval of the sale of the Customer Base to the Successful Bidders, and consummation of the transactions contemplated thereby are in the best interests of the Debtor, its creditors, and the bankruptcy estate. The Debtor has presented good and sufficient business justification for the sale of the Customer Base pursuant to § 363 of the Bankruptcy Code.

S. The parties represented to the Court that the offers to purchase the Customer Base by the Successful Bidders have been proposed by the Successful Bidders in good faith in



accordance with the standards of applicable law; that the Successful Bidders are not currently affiliated with either Debtor; and that the Successful Bidders are good faith Successful Bidders under § 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby. The Court has heard no argument or allegation to controvert those representations. No party has alleged that any party has engaged in any conduct that would cause or permit the sale to the Successful Bidders to be avoided under § 363(n) of the Bankruptcy Code.

T. The Debtor has requested that the Court make this Order effective immediately irrespective of Bankruptcy Rule 6004(g), and good cause appears for such an action.

U. The sale and transfer of the Customer Base (1) will be a legal, valid and effective transfer of Customer Base of the bankruptcy estate of the Debtor, and (2) will vest the Successful Bidders with all right, title and interest of the bankruptcy estate in and to the Customer Base free and clear of all liens, claims, encumbrances and interests thereon.

NOW THEREFORE, it is HEREBY ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

1. The Private Sale Motions shall be, and hereby are, granted and the Agreements incorporated therein approved as being in the best interest of the Debtor's estate.

2. The Mass. AG Objection is ~~overruled in its entirety.~~ <sup>resolved with authority by a stipulation.</sup>

3. The Debtor is authorized and directed to consummate the transactions contemplated hereby and to sell, transfer, deliver, convey and assign the Customer Base to the Successful Bidders.

*as 3A* The Successful Bidders ~~are~~ authorized to send any required notices to the Debtor's customers.

~~once before the 15 business days~~  
~~after the date the bid is required under the~~  
~~Applicable Agreement~~

4. It is hereby further ordered that in the event that the Successful Bidders fail to tender the Purchase Price to the Debtor ~~on or before five (5) business days after the date of the entry of this Order,~~ <sup>within the time period</sup> the Debtor is hereby authorized to sell the Customer Base, without further order of the Court, to the second highest bidders:

- ZONE for \$375,000
- ESSEX for \$125,000
- Broadview for \$735,000

5. - ~~intentionally omitted~~

6. In the event of the failure of any of the Successful Bidders to close on the Agreements, the Debtor is authorized to retain any deposits provided by such Successful Bidders as liquidated damages for such failure.

7. The Debtor is authorized to pay such break up fees, as may be applicable, pursuant to the Sale Procedure Order.

8. Effective upon the Closing, title in and to the Customer Base shall automatically vest in the Successful Bidders free and clear of all liens, including without limitation all liens, encumbrances, claims and interests, and any liabilities including, but not limited to: (a) amounts owing with respect to the Customer Base which accrued prior to the Closing, (b) those based on theories of successor liability, de facto merger or substantial continuity, and (c) employee benefit obligations (collectively, the "Liens").

9. USA is a good faith purchaser pursuant to § 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby.

10. This Order is deemed to operate as a release of all Liens on the Customer Base as of the Closing. All holders of Liens on any of the Customer Base are hereby directed to prepare, and file promptly after the Closing, if such Liens are recorded, releases of such Liens reasonably satisfactory to the Successful Bidders.

11. This Order is deemed to be in recordable form sufficient to be placed in the filing or recording system maintained by any Recording Officer.

12. The Debtor is hereby authorized to execute and deliver such closing and other confirmatory documents and to do such things as are necessary and appropriate and as are reasonably requested by the Successful Bidder to implement and effectuate the provisions of

this Order and the transactions approved hereby, *including without limitation, entering into a management services agreement whereby Bid.*

13. No bulk sales law, or similar law *of* *shall manage the telecommunications business.* or any state or other jurisdiction shall apply in *Debtor in* any way to the transaction contemplated by this Order. *Such time as*

14. For good cause as established by the record in this Case, and irrespective of *Federal and State* *telecommunications* *regulatory approvals* *have been* *obtained.*

Bankruptcy Rule 6004(g), this Order shall be effective immediately upon entry pursuant to Bankruptcy Rule 9014 and 7062. No automatic stay of execution applies with respect to this Order.

15. This Court retains jurisdiction to:

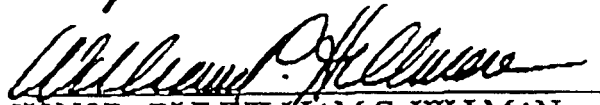
- a. Interpret, implement and enforce the terms and provisions of this Order, any subsequent amendments to, modifications of, consents relating to, or waivers thereof or any related documents, including any escrow provisions and agreements established in connection with the transactions contemplated thereby;
- b. Protect the Successful Bidder, and the Customer Base, against any Lien;
- c. Resolve any disputes arising under or relating to the Customer Base, the Private Sale Motions and this Order; and
- d. Adjudicate all issues concerning (alleged) pre-Closing Liens on, and the proceeds of the sale of the Customer Base.

16. The provisions of the Private Sale Motions, together with the provisions of this Order, are binding on, and inure to the benefit of, the successors and assigns of the Debtor, its estate, creditors and shareholders, any trustee whether in chapter 11 or chapter 7 and any examiner with expanded powers, and receiver for the Debtor or assignee for the benefit of its

creditors, and are binding on and inure to the benefit of the successors and assigns of the Successful Bidder.

17. Any provision of this Order which is determined, construed or deemed to be a finding of fact or a conclusion of law, respectively, or a mixed finding of fact and conclusion of law, shall be as so determined, construed or deemed notwithstanding the labeling placed on such provision in this Order.

DATED THIS 9<sup>th</sup> DAY OF May, 2001.



HONORABLE WILLIAM C. HILLMAN  
UNITED STATES BANKRUPTCY JUDGE

::ODMA\PCDOCS\DOCS\311268\1

**Exhibit B**  
**Certificate of Incorporation and Qualification to Do Business**

Office of the Secretary of State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "UNITED SYSTEMS ACCESS TELECOM, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTEENTH DAY OF OCTOBER, A.D. 2001.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "UNITED SYSTEMS ACCESS TELECOM, INC." WAS INCORPORATED ON THE SEVENTH DAY OF MAY, A.D. 2001.

STATE OF KENTUCKY, COUNTY OF FRANKLIN, SCT.

I, GUY R. ZEIGLER, CLERK OF SAID COUNTY, HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT HAS BEEN DULY RECORDED ~~ALSO IN~~ BOOK 52 PAGE 555 IN MY SAID OFFICE

GUY R. ZEIGLER, CLERK BY DGR 10/16/01 D.C



*Harriet Smith Windsor*  
Harriet Smith Windsor, Secretary of State

3389168 8300

AUTHENTICATION: 1390738

010511639

DATE: 10-15-01

COMMONWEALTH OF KENTUCKY  
JOHN Y. BROWN III  
SECRETARY OF STATE

FILED

OCT 16 1 29 PM '01

GUY R. ZEIGLER  
O.F.O.C.



555

BY PL D. APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of KRS Chapter 271B, 273 or 274, the undersigned hereby applies for authority to transact business in Kentucky on behalf of the corporation named below and for that purpose submits the following statements:

- The corporation is  a business corporation (KRS 271B).  a nonprofit corporation (KRS 273).  a professional service corporation (KRS 274).
- The name of the corporation is United Systems Access Telecom, Inc.
- The name of the corporation to be used in Kentucky is \_\_\_\_\_  
(If "real name" is unavailable for use)
- Delaware is the state or country under whose law the corporation is incorporated.
- May 07, 2001 is the date of incorporation and the period of duration is Perpetual
- The street address of the corporation's principal office is c/o Stephen J. Gilbert Suite 200, 5 Bragdon Lane, Kennebunk, ME 04043
- The street address of the corporation's registered office in Kentucky is 421 West Main Street, Frankfort, KY 40601  
and the name of the registered agent at that office is CSC-Lawyers Incorporating Service Company
- The names and usual business addresses of the corporation's current officers and directors are as follows:  
President See attached officers/directors rider  
Vice President \_\_\_\_\_  
Secretary \_\_\_\_\_  
Treasurer \_\_\_\_\_  
Directors See attached officers/directors rider

(Attach a continuation sheet, if necessary)

- If a professional service corporation, all the individual shareholders, not less than one half of the directors, and all of the officers other than the secretary and treasurer are licensed in one or more states or territories of the United States or District of Columbia to render a professional service described in the statement of purposes of the corporation.
- A certificate of existence duly authenticated by the Secretary of State accompanies this application.
- This application will be effective upon filing, unless a delayed effective date and/or time is specified: \_\_\_\_\_  
(Delayed effective date and/or time)

Stephen J. Gilbert  
Signature  
Stephen J. Gilbert, President  
Type or Print Name & Title

Date: October 11, 2001

CSC-Lawyers Incorporating Service Company

I, \_\_\_\_\_, consent to serve as the registered agent on behalf of the corporation.  
Type or print name of registered agent

Louise B. Smith  
Signature of Registered Agent  
Louise B. Smith Assistant Vice President  
Type or Print Name & Title

0524067.09

John Y. Brown III  
Secretary of State  
Received and Filed  
10/16/2001 12:41 PM  
Fee Receipt: \$90.00  
Pcraime - P101

**OFFICERS/DIRECTORS RIDER**

KY-Application for Certificate of Authority Foreign Corporation

United Systems Access Telecom, Inc.

**List of Officers**

**Name:** Stephen J. Gilbert **Title:** President  
**Bus. Addr.:** 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043

**Name:** Don Hebert **Title:** CFO  
**Bus. Addr.:** 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043

**List of Directors**

**Name:** Stephen J. Gilbert **Term:**  
**Bus. Addr.:** 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043

**Name:** Don Hebert **Term:**  
**Bus. Addr.:** 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043

**Name:** Lynda Wijck **Term:**  
**Bus. Addr.:** 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043



**Exhibit C**  
**Financial Statements**

**Profit & Loss  
FY 2001-2003**

	FY 2001	FY 2002	FY 2003
<b>Sales:</b>			
UNEP	\$287,149	\$6,219,804	\$16,506,833
TSR	1,879,199	3,664,109	4,899,168
Net Sales	<u>\$2,166,348</u>	<u>\$9,883,913</u>	<u>\$21,406,001</u>
<b>Cost of sales:</b>			
Verizon	1,515,422	6,502,794	13,372,854
Gross margin	<u>\$650,926</u>	<u>\$3,381,119</u>	<u>\$8,033,147</u>
<b>Operating expenses:</b>			
<b>Operations:</b>			
Payroll & Vendor Billing	\$287,692	\$1,043,963	\$1,981,199
Merchant Fees	53,689	247,098	535,150
Voice Lines	10,832	49,420	107,030
Internet Site	18,000	36,000	36,000
Office Supplies	7,323	14,345	14,345
Equipment Rental	6,000	12,000	12,000
Software Purchases	6,000	12,000	12,000
Depreciation	83,333	166,667	166,667
Miscellaneous	7,000	12,000	12,000
Total Operations	<u>\$479,869</u>	<u>\$1,593,493</u>	<u>\$2,876,391</u>
<b>Marketing:</b>			
Salaries	\$21,475	\$53,314	\$55,158
Advertising Campaign	480,000	960,000	960,000
Miscellaneous	1,500	3,000	3,000
Total Marketing	<u>\$502,975</u>	<u>\$1,016,314</u>	<u>\$1,018,158</u>
<b>General &amp; Administrative:</b>			
Salaries	\$215,501	\$414,989	\$481,809
Rent	21,000	36,000	36,000
Utilities	3,150	5,400	5,400
Insurance	17,500	30,000	30,000
Professional services	370,000	240,000	240,000
Bad debts	21,663	98,839	214,060
Travel	24,500	42,000	42,000
Meals & Entertainment	5,250	9,000	9,000
Miscellaneous	7,000	12,000	12,000
Total General & Administrative	<u>\$685,564</u>	<u>\$888,228</u>	<u>\$1,070,269</u>
Total Operating expenses	<u>1,668,408</u>	<u>3,498,034</u>	<u>4,964,818</u>
Income from operations	(\$1,017,482)	(\$116,916)	\$3,068,329
Debt, lease, and other interest	<u>23,487</u>	<u>35,555</u>	<u>19,005</u>
Net income before taxes	<u>(\$1,040,969)</u>	<u>(\$152,471)</u>	<u>\$3,049,324</u>

## Profit & Loss FY 2001

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2001
<b>Sales:</b>													
LINEP	\$0	\$0	\$0	\$0	\$0	\$0	\$5,534	\$16,579	\$33,176	\$55,332	\$77,321	\$99,207	\$287,149
TSR	0	0	0	0	0	285,600	277,488	271,007	266,123	262,800	259,623	256,559	1,879,189
Net Sales	\$0	\$0	\$0	\$0	\$0	\$285,600	\$283,022	\$287,586	\$299,299	\$318,132	\$336,944	\$355,766	\$2,166,348
<b>Cost of sales:</b>													
Verizon	0	0	0	0	0	204,000	200,805	202,687	209,551	221,278	232,840	244,260	1,515,422
Gross margin	\$0	\$0	\$0	\$0	\$0	\$81,600	\$82,217	\$84,898	\$89,748	\$96,854	\$104,104	\$111,506	\$650,926
<b>Operating expenses:</b>													
<b>Operations:</b>													
Payroll & Vendor Billing	\$0	\$0	\$0	\$0	\$0	\$39,136	\$38,677	\$38,929	\$40,229	\$41,856	\$43,459	\$45,406	\$287,692
Merchant Fees	0	0	0	0	0	7,140	7,076	7,190	7,482	7,953	8,424	8,424	53,689
Voices Lines	0	0	0	0	0	1,428	1,415	1,438	1,496	1,591	1,685	1,778	10,832
Internet Site	0	0	0	0	0	0	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Office Supplies	0	0	0	0	0	1,000	1,015	1,030	1,048	1,061	1,077	1,093	7,323
Equipment Rental	0	0	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Software Purchases	0	0	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Depreciation	0	0	0	0	0	0	13,889	13,889	13,889	13,889	13,889	13,889	83,333
Miscellaneous	0	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
<b>Total Operations</b>	\$0	\$0	\$0	\$0	\$0	\$49,704	\$68,072	\$68,476	\$70,142	\$72,350	\$74,534	\$76,591	\$479,869
<b>Marketing:</b>													
Salaries & Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,295	\$4,295	\$4,295	\$4,295	\$4,295	\$21,475
Advertising Campaign	0	0	0	0	0	0	80,000	80,000	80,000	80,000	80,000	80,000	480,000
Miscellaneous	0	0	0	0	0	0	250	250	250	250	250	250	1,500
<b>Total Marketing</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$80,250	\$84,545	\$84,545	\$84,545	\$84,545	\$84,545	\$502,975
<b>General &amp; Administrative:</b>													
Salaries & Benefits	\$0	\$0	\$0	\$0	\$0	\$29,974	\$29,974	\$29,974	\$31,101	\$31,101	\$31,101	\$32,273	\$215,501
Rent	0	0	0	0	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	21,000
Utilities	0	0	0	0	0	450	450	450	450	450	450	450	3,150
Insurance	0	0	0	0	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	17,500
Professional services	0	0	0	0	0	250,000	20,000	20,000	20,000	20,000	20,000	20,000	370,000
Bad debts	0	0	0	0	0	2,830	2,878	2,878	2,993	3,181	3,369	3,558	21,663
Travel	0	0	0	0	0	3,500	3,500	3,500	3,500	3,500	3,500	3,500	24,500
Meals & Entertainment	0	0	0	0	0	750	750	750	750	750	750	750	5,250
Miscellaneous	0	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
<b>Total General &amp; Administrative</b>	\$0	\$0	\$0	\$0	\$0	\$294,030	\$64,005	\$64,050	\$65,294	\$65,483	\$65,671	\$67,031	\$685,564
<b>Total Operating expenses</b>	\$0	\$0	\$0	\$0	\$0	\$343,734	\$212,326	\$217,071	\$219,982	\$222,378	\$224,750	\$228,167	\$1,688,408
<b>Income from operations</b>	\$0	\$0	\$0	\$0	\$0	(\$262,134)	(\$130,109)	(\$132,173)	(\$130,234)	(\$125,525)	(\$120,646)	(\$116,662)	(\$1,017,482)
<b>Debt, lease, and other interest</b>	0	0	0	0	0	0	4,167	4,067	3,966	3,865	3,763	3,660	23,487
<b>Net income before taxes</b>	\$0	\$0	\$0	\$0	\$0	(\$262,134)	(\$134,276)	(\$136,239)	(\$134,200)	(\$129,390)	(\$124,409)	(\$120,321)	(\$1,040,969)

## Profit & Loss FY 2002

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2002
<b>Sales:</b>													
LINEP	\$126,714	\$177,230	\$233,260	\$288,938	\$358,938	\$434,720	\$530,795	\$628,203	\$720,844	\$815,061	\$908,520	\$1,001,325	\$6,219,804
TSR	255,045	259,296	264,822	270,450	278,748	289,788	305,006	319,858	334,335	348,504	362,317	375,843	3,664,109
Net Sales	\$381,759	\$436,526	\$498,182	\$559,388	\$634,842	\$724,508	\$835,801	\$948,061	\$1,055,279	\$1,163,565	\$1,270,837	\$1,377,168	\$9,883,913
<b>Cost of sales:</b>													
Verizon	260,635	290,366	336,356	375,610	423,957	481,228	552,175	621,697	689,612	756,616	822,077	886,288	6,502,794
Gross margin	\$121,124	\$146,160	\$161,825	\$183,777	\$210,885	\$243,282	\$283,626	\$324,364	\$365,467	\$406,949	\$448,759	\$490,889	\$3,381,119
<b>Operating expenses:</b>													
<b>Operations:</b>													
Payroll & Vendor Billing	\$47,650	\$52,585	\$58,480	\$63,881	\$70,531	\$78,797	\$88,545	\$98,072	\$107,782	\$116,899	\$125,800	\$134,931	\$1,043,963
Merchant Fees	9,544	10,913	12,455	13,985	15,871	18,113	20,895	23,652	26,382	29,089	31,771	34,428	247,098
Voice Lines	1,909	2,163	2,491	2,787	3,174	3,623	4,179	4,730	5,278	5,818	6,354	6,886	49,420
Internet Site	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30,000
Office Supplies	1,100	1,117	1,133	1,150	1,167	1,185	1,203	1,221	1,239	1,258	1,277	1,298	14,345
Equipment Rental	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Software Purchases	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Depreciation	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	166,667
Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total Operations	\$80,091	\$86,686	\$94,448	\$101,702	\$110,633	\$121,606	\$134,710	\$147,563	\$160,578	\$172,953	\$185,090	\$197,431	\$1,593,493
<b>Marketing:</b>													
Salaries & Benefits	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$33,314
Advertising Campaign	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	960,000
Miscellaneous	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Total Marketing	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$1,016,314
<b>General &amp; Administrative:</b>													
Salaries & Benefits	\$32,273	\$32,273	\$33,492	\$33,492	\$33,492	\$34,760	\$34,760	\$34,760	\$36,078	\$36,078	\$36,078	\$37,450	\$414,989
Rent	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Utilities	450	450	450	450	450	450	450	450	450	450	450	450	5,400
Insurance	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Professional services	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Bad debts	3,818	4,365	4,982	5,594	6,348	7,245	8,358	9,481	10,553	11,636	12,708	13,772	98,839
Travel	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Meals & Entertainment	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total General & Administrative	\$67,231	\$67,839	\$68,674	\$70,286	\$71,041	\$73,205	\$74,318	\$75,421	\$77,831	\$78,914	\$79,987	\$82,421	\$688,228
Total Operating expenses	\$232,075	\$239,217	\$248,815	\$258,681	\$268,366	\$279,504	\$293,721	\$307,677	\$323,103	\$336,580	\$349,770	\$364,545	\$3,498,034
Income from operations	(\$110,951)	(\$99,057)	(\$86,990)	(\$72,803)	(\$55,481)	(\$36,222)	(\$10,095)	\$16,687	\$42,364	\$70,390	\$98,989	\$126,354	(\$116,916)
Debt, lease, and other interest	3,556	3,451	3,345	3,239	3,131	3,023	2,914	2,803	2,692	2,580	2,467	2,353	35,555
Net income before taxes	(\$114,507)	(\$102,508)	(\$90,335)	(\$76,142)	(\$58,612)	(\$39,245)	(\$13,009)	\$13,683	\$39,672	\$67,809	\$96,522	\$124,001	(\$152,471)

**Profit & Loss  
FY 2003**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2003
<b>Sales:</b>													
UNEFP	\$1,018,673	\$1,061,040	\$1,109,411	\$1,157,490	\$1,218,018	\$1,290,987	\$1,382,824	\$1,473,997	\$1,564,498	\$1,654,338	\$1,743,531	\$1,832,048	\$16,506,833
TSR	370,709	371,960	374,768	377,562	383,498	392,452	405,983	419,182	432,113	444,738	457,061	469,115	4,899,168
Net Sales	\$1,389,382	\$1,433,000	\$1,484,179	\$1,535,052	\$1,601,516	\$1,683,419	\$1,788,806	\$1,893,189	\$1,996,610	\$2,099,076	\$2,200,591	\$2,301,163	\$21,406,001
<b>Cost of sales:</b>													
Verizon	890,253	914,254	942,868	971,075	1,008,857	1,058,037	1,117,516	1,177,883	1,237,181	1,295,430	1,352,647	1,408,853	13,372,854
Gross margin	\$499,129	\$518,746	\$541,310	\$563,977	\$592,659	\$627,382	\$671,290	\$715,306	\$759,429	\$803,646	\$847,944	\$892,310	\$8,033,147
<b>Operating expenses:</b>													
<b>Operations:</b>													
Payroll & Vendor Billing	\$135,239	\$138,291	\$142,407	\$146,009	\$150,902	\$157,517	\$165,588	\$173,477	\$181,671	\$189,213	\$196,588	\$204,298	\$1,981,199
Merchant Fees	34,735	35,825	37,104	36,377	40,038	42,085	44,720	47,330	49,915	52,477	55,015	57,529	535,150
Voice Lines	6,947	7,165	7,421	7,675	8,008	8,417	8,944	9,466	9,983	10,495	11,003	11,506	107,030
Internet Site	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Office Supplies	1,100	1,117	1,133	1,150	1,167	1,185	1,203	1,221	1,239	1,258	1,277	1,296	14,345
Equipment Rental	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Software Purchases	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Depreciation	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	166,687
Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total Operations	\$197,910	\$202,287	\$207,955	\$213,100	\$220,003	\$229,093	\$240,343	\$251,382	\$262,697	\$273,332	\$283,771	\$294,517	\$2,876,391
<b>Marketing:</b>													
Salaries & Benefits	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$55,158
Advertising Campaign	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	960,000
Miscellaneous	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Total Marketing	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847
<b>General &amp; Administrative:</b>													
Salaries & Benefits	\$37,450	\$37,450	\$38,876	\$38,876	\$38,876	\$40,359	\$40,359	\$40,359	\$41,901	\$41,901	\$41,901	\$43,505	\$481,809
Rent	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Utilities	450	450	450	450	450	450	450	450	450	450	450	450	5,400
Insurance	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Professional services	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Bad debts	13,884	14,330	14,842	15,351	16,015	16,834	17,888	18,932	19,966	20,991	22,006	23,012	214,060
Travel	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Meets & Entertainment	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total General & Administrative	\$82,543	\$82,980	\$84,917	\$85,426	\$86,091	\$88,393	\$89,447	\$90,490	\$93,067	\$94,092	\$95,107	\$97,717	\$1,070,269
Total Operating expenses	\$65,300	\$70,113	\$77,718	\$83,373	\$89,941	\$97,332	\$104,637	\$111,929	\$119,264	\$126,611	\$134,025	\$141,480	\$1,464,818
Income from operations	\$133,829	\$148,633	\$163,592	\$180,624	\$201,718	\$225,049	\$256,654	\$288,587	\$318,818	\$351,376	\$384,219	\$415,229	\$3,086,329
Debt, lease, and other interest	2,239	2,123	2,006	1,888	1,770	1,650	1,529	1,408	1,285	1,161	1,036	911	19,005
Net income before taxes	\$131,590	\$146,510	\$161,586	\$178,736	\$199,949	\$223,399	\$255,124	\$287,179	\$317,534	\$350,215	\$383,183	\$414,319	\$3,049,324

**Balance Sheet  
FY 2001-2003**

	FY 2001	FY 2002	FY 2003
<b>ASSETS</b>			
Current assets:			
Cash and equivalents	\$234,340	\$603,914	\$3,813,461
Accounts receivable	177,883	688,584	1,150,581
Total Current assets	<u>\$412,223</u>	<u>\$1,292,498</u>	<u>\$4,964,043</u>
Property, plant, and equipment:			
Office equipment	\$500,000	\$500,000	\$500,000
Less Accumulated depreciation	83,333	250,000	416,667
Net Property, plant, and equipment	<u>\$416,667</u>	<u>\$250,000</u>	<u>\$83,333</u>
Other assets:			
Total Other assets	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total assets</b>	<u><u>\$828,889</u></u>	<u><u>\$1,542,498</u></u>	<u><u>\$5,047,376</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$435,859	\$1,208,921	\$1,837,832
Accrued payroll	7,314	8,378	9,620
Current portion of long-term debt	158,048	174,598	94,040
Total Current liabilities	<u>\$601,221</u>	<u>\$1,391,897</u>	<u>\$1,941,492</u>
Non-current liabilities:			
Long-term debt:			
Lease debt	\$268,638	\$94,040	\$0
Shareholder loans	0	0	0
Total Long-term debt	<u>\$268,638</u>	<u>\$94,040</u>	<u>\$0</u>
<b>Total liabilities</b>	<u>\$869,858</u>	<u>\$1,485,937</u>	<u>\$1,941,492</u>
<b>EQUITY</b>			
Owners' equity:			
Capital Stock	\$1,000,000	\$1,250,000	\$1,250,000
Retained earnings	(1,040,969)	(1,193,440)	1,855,884
<b>Total liabilities and equity</b>	<u><u>\$828,889</u></u>	<u><u>\$1,542,498</u></u>	<u><u>\$5,047,376</u></u>

**Balance Sheet  
FY 2001**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>ASSETS</b>												
<b>Current assets:</b>												
Cash and equivalents	\$0	\$0	\$0	\$0	\$0	\$388,821	\$103,153	\$219,645	\$90,182	\$217,121	\$98,757	\$234,340
Accounts receivable	0	0	0	0	0	142,800	141,511	143,793	149,650	159,068	168,472	177,883
Total Current assets	\$0	\$0	\$0	\$0	\$0	\$511,621	\$244,664	\$363,437	\$239,832	\$376,187	\$267,229	\$412,223
<b>Property, plant, and equipment:</b>												
Office equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Less Accumulated depreciation	0	0	0	0	0	0	13,889	27,778	41,667	55,558	69,444	83,333
Net Property, plant, and equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$486,111	\$472,222	\$458,333	\$444,444	\$430,556	\$418,667
<b>Other assets:</b>												
Total Other assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	\$0	\$0	\$0	\$0	\$0	\$511,621	\$730,775	\$835,660	\$698,165	\$820,631	\$697,785	\$828,889
<b>LIABILITIES</b>												
<b>Current liabilities:</b>												
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$517,760	\$383,157	\$385,489	\$394,136	\$408,260	\$422,193	\$435,859
Accrued payroll	0	0	0	0	0	5,995	5,995	6,854	7,079	7,079	7,079	7,314
Current portion of long-term debt	0	0	0	0	0	0	151,624	152,888	154,182	155,447	156,742	158,048
Total Current liabilities	\$0	\$0	\$0	\$0	\$0	\$523,755	\$540,776	\$545,230	\$555,377	\$570,786	\$586,014	\$601,221
<b>Non-current liabilities:</b>												
Long-term debt	\$0	\$0	\$0	\$0	\$0	\$0	\$336,409	\$323,079	\$309,637	\$296,084	\$282,418	\$268,638
Lease debt	0	0	0	0	0	0	0	0	0	0	0	0
Shareholder loans	0	0	0	0	0	0	0	0	0	0	0	0
Total Long-term debt	\$0	\$0	\$0	\$0	\$0	\$0	\$336,409	\$323,079	\$309,637	\$296,084	\$282,418	\$268,638
<b>Total liabilities</b>	\$0	\$0	\$0	\$0	\$0	\$523,755	\$877,185	\$868,309	\$865,015	\$866,870	\$868,432	\$869,858
<b>EQUITY</b>												
<b>Owners' equity:</b>												
Capital Stock	\$0	\$0	\$0	\$0	\$0	\$250,000	\$250,000	\$500,000	\$500,000	\$750,000	\$750,000	\$1,000,000
Retained earnings	0	0	0	0	0	(262,134)	(396,410)	(532,649)	(666,850)	(796,239)	(920,848)	(1,040,969)
Total liabilities and equity	\$0	\$0	\$0	\$0	\$0	\$511,621	\$730,775	\$835,660	\$698,165	\$820,631	\$697,785	\$828,889

**Balance Sheet  
FY 2002**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>ASSETS</b>												
<b>Current assets:</b>												
Cash and equivalents	\$128,312	\$42,500	\$221,050	\$182,419	\$124,998	\$111,092	\$128,271	\$171,061	\$239,058	\$333,320	\$455,101	\$603,914
Accounts receivable	190,860	218,283	249,091	279,694	317,421	362,254	417,900	473,030	527,639	581,783	635,418	868,584
Total Current assets	\$319,191	\$260,783	\$470,141	\$462,113	\$442,419	\$473,346	\$546,172	\$644,091	\$766,697	\$915,103	\$1,090,519	\$1,292,498
<b>Property, plant, and equipment:</b>												
Office equipment	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Less Accumulated depreciation	97,222	111,111	125,000	138,889	152,778	166,667	180,556	194,444	208,333	222,222	236,111	250,000
Net Property, plant, and equipment	\$402,778	\$388,889	\$375,000	\$361,111	\$347,222	\$333,333	\$319,444	\$305,556	\$291,667	\$277,778	\$263,889	\$250,000
<b>Other assets:</b>												
Total Other assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>\$721,969</b>	<b>\$649,652</b>	<b>\$845,141</b>	<b>\$803,224</b>	<b>\$789,642</b>	<b>\$806,679</b>	<b>\$865,616</b>	<b>\$949,647</b>	<b>\$1,058,364</b>	<b>\$1,192,881</b>	<b>\$1,354,408</b>	<b>\$1,542,498</b>
<b>LIABILITIES</b>												
<b>Current liabilities:</b>												
Accounts payable	\$455,994	\$498,867	\$547,236	\$594,356	\$652,388	\$721,527	\$806,693	\$890,171	\$972,393	\$1,052,654	\$1,131,326	\$1,208,921
Accrued payroll	7,343	7,343	7,587	7,587	7,587	7,841	7,841	7,841	8,104	8,104	8,104	8,378
Current portion of long-term debt	159,385	160,693	162,032	163,383	164,744	166,117	167,501	168,897	170,305	171,724	173,155	174,598
Total Current liabilities	\$822,702	\$666,903	\$716,855	\$765,325	\$824,719	\$895,485	\$982,035	\$1,066,909	\$1,150,802	\$1,232,482	\$1,312,585	\$1,391,897
<b>Non-current liabilities:</b>												
Long-term debt	\$254,743	\$240,732	\$226,605	\$212,359	\$197,995	\$183,512	\$168,907	\$154,181	\$139,333	\$124,360	\$109,263	\$94,040
Lease debt	0	0	0	0	0	0	0	0	0	0	0	0
Shareholder loans	\$254,743	\$240,732	\$226,605	\$212,359	\$197,995	\$183,512	\$168,907	\$154,181	\$139,333	\$124,360	\$109,263	\$94,040
Total Long-term debt	\$254,743	\$240,732	\$226,605	\$212,359	\$197,995	\$183,512	\$168,907	\$154,181	\$139,333	\$124,360	\$109,263	\$94,040
<b>Total liabilities</b>	<b>\$877,445</b>	<b>\$907,635</b>	<b>\$943,460</b>	<b>\$977,685</b>	<b>\$1,022,714</b>	<b>\$1,079,997</b>	<b>\$1,150,943</b>	<b>\$1,221,090</b>	<b>\$1,290,135</b>	<b>\$1,356,843</b>	<b>\$1,421,848</b>	<b>\$1,485,937</b>
<b>EQUITY</b>												
<b>Owners' equity:</b>												
Capital Stock	\$1,000,000	\$1,000,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Retained earnings	(1,155,476)	(1,257,984)	(1,348,319)	(1,424,460)	(1,483,073)	(1,522,318)	(1,535,326)	(1,521,443)	(1,481,771)	(1,413,962)	(1,317,440)	(1,193,440)
Total liabilities and equity	\$721,969	\$649,652	\$845,141	\$803,224	\$789,642	\$806,679	\$865,616	\$949,647	\$1,058,364	\$1,192,881	\$1,354,408	\$1,542,498



**Balance Sheet  
FY 2003**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>ASSETS</b>												
<b>Current assets:</b>												
Cash and equivalents	\$734,007	\$887,401	\$1,058,238	\$1,245,031	\$1,456,633	\$1,731,872	\$1,971,370	\$2,277,970	\$2,614,789	\$2,982,596	\$3,382,484	\$3,813,461
Accounts receivable	694,891	716,500	742,089	767,536	800,758	841,710	894,403	946,594	998,305	1,049,538	1,100,296	1,150,581
Total Current assets	\$1,428,898	\$1,603,901	\$1,800,327	\$2,012,567	\$2,257,391	\$2,573,581	\$2,865,773	\$3,224,564	\$3,613,094	\$4,032,134	\$4,482,780	\$4,964,043
<b>Property, plant, and equipment:</b>												
Office equipment	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Less Accumulated depreciation	283,889	277,778	291,687	305,656	318,444	333,333	347,222	361,111	375,000	388,889	402,778	416,667
Net Property, plant, and equipment	\$236,111	\$222,222	\$208,313	\$194,444	\$180,556	\$166,667	\$152,778	\$138,889	\$125,000	\$111,111	\$97,222	\$83,333
<b>Other assets:</b>												
Total Other assets	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>\$1,664,809</b>	<b>\$1,826,123</b>	<b>\$2,008,660</b>	<b>\$2,207,012</b>	<b>\$2,437,946</b>	<b>\$2,740,248</b>	<b>\$3,018,551</b>	<b>\$3,363,453</b>	<b>\$3,738,094</b>	<b>\$4,143,245</b>	<b>\$4,580,002</b>	<b>\$5,047,376</b>
<b>LIABILITIES</b>												
<b>Current liabilities:</b>												
Accounts payable	\$1,213,507	\$1,242,321	\$1,277,115	\$1,310,975	\$1,356,325	\$1,413,415	\$1,487,198	\$1,559,646	\$1,631,294	\$1,701,203	\$1,769,875	\$1,837,832
Accrued payroll	8,409	8,409	8,694	8,694	8,991	8,991	8,991	8,991	9,299	9,299	9,299	9,620
Current portion of long-term debt	178,053	177,620	178,999	180,491	181,995	219,512	188,907	154,181	139,333	124,360	109,263	94,040
Total Current liabilities	\$1,397,969	\$1,428,250	\$1,464,808	\$1,500,161	\$1,547,015	\$1,641,917	\$1,665,096	\$1,722,819	\$1,779,927	\$1,834,862	\$1,888,437	\$1,941,492
<b>Non-current liabilities:</b>												
Long-term debt	\$78,690	\$63,212	\$47,605	\$31,668	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lease debt	0	0	0	0	0	0	0	0	0	0	0	0
Shareholder loans	\$78,690	\$63,212	\$47,605	\$31,668	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term debt	\$78,690	\$63,212	\$47,605	\$31,668	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total liabilities</b>	<b>\$1,476,659</b>	<b>\$1,491,462</b>	<b>\$1,512,414</b>	<b>\$1,532,029</b>	<b>\$1,563,015</b>	<b>\$1,641,917</b>	<b>\$1,665,096</b>	<b>\$1,722,819</b>	<b>\$1,779,927</b>	<b>\$1,834,863</b>	<b>\$1,888,437</b>	<b>\$1,941,492</b>
<b>EQUITY</b>												
<b>Owners' equity:</b>												
Capital Stock	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Retained earnings	(1,061,849)	(915,339)	(753,753)	(575,016)	(375,069)	(151,670)	103,455	390,634	708,168	1,058,382	1,441,565	1,855,894
Total liabilities and equity	\$1,664,809	\$1,826,123	\$2,008,660	\$2,207,012	\$2,437,946	\$2,740,248	\$3,018,551	\$3,363,453	\$3,738,094	\$4,143,245	\$4,580,002	\$5,047,376

**Cash Flow  
FY 2001-2003**

	FY 2001	FY 2002	FY 2003
<b>Cash flows from operating activities:</b>			
Net income	(\$1,040,969)	(\$152,471)	\$3,049,324
<b>Adjustments to net income:</b>			
Depreciation and amortization	83,333	166,667	166,667
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	(\$177,883)	(\$510,701)	(\$461,998)
Accounts payable	(64,141)	773,062	628,911
Accrued payroll, taxes, and benefits	7,314	1,065	1,242
Total Changes in operating assets and liabilities	(\$234,710)	\$263,426	\$168,155
<b>Net cash provided (used) by operations</b>	<b>(\$1,192,346)</b>	<b>\$277,622</b>	<b>\$3,384,145</b>
Cash flows from investing activities:	\$1,000,000	\$250,000	\$0
Cash flows from financing activities:	426,686	(158,048)	(174,598)
Total Cash flows from financing activities	\$1,426,686	\$91,952	(\$174,598)
<b>Net increase (decrease) in cash and equivalents</b>	<b>\$234,340</b>	<b>\$369,574</b>	<b>\$3,209,547</b>
Cash and equivalents, beginning	\$0	\$234,340	\$603,914
Cash and equivalents, ending	\$234,340	\$603,914	\$3,813,461

**Cash Flow  
FY 2001**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2001
<b>Cash flows from operating activities:</b>													
Net income	\$0	\$0	\$0	\$0	\$0	(\$262,134)	(\$134,276)	(\$136,239)	(\$134,200)	(\$129,390)	(\$124,409)	(\$120,321)	(\$1,040,969)
Adjustments to net income:													
Depreciation and amortization	0	0	0	0	0	0	13,889	13,889	13,889	13,889	13,889	13,889	83,333
<b>Changes in operating assets and liabilities:</b>													
Accounts receivable	\$0	\$0	\$0	\$0	\$0	(\$142,800)	\$1,289	(\$2,282)	(\$5,857)	(\$9,417)	(\$9,406)	(\$9,411)	(\$177,883)
Accounts payable	0	0	0	0	0	517,760	(634,602)	2,331	8,648	14,124	13,933	13,666	(64,141)
Accrued payroll, taxes, and benefits	0	0	0	0	0	5,895	0	859	225	0	0	234	7,314
Total changes in operating assets and liabilities	\$0	\$0	\$0	\$0	\$0	\$380,855	(\$633,314)	\$909	\$3,016	\$4,707	\$4,527	\$4,489	(\$234,710)
Net cash provided (used) by operations	\$0	\$0	\$0	\$0	\$0	\$118,821	(\$753,701)	(\$121,442)	(\$117,295)	(\$110,793)	(\$105,993)	(\$101,943)	(\$1,192,346)
<b>Cash flows from investing activities:</b>													
Cash flows from financing activities:	\$0	\$0	\$0	\$0	\$0	\$0	\$864,000	(\$36,000)	(\$36,000)	(\$36,000)	(\$36,000)	(\$36,000)	\$864,000
<b>Total Cash flows from financing activities</b>	0	0	0	0	0	0	488,033	(12,087)	(12,167)	(12,269)	(12,371)	(12,474)	428,686
Net increase (decrease) in cash and equivalents	\$0	\$0	\$0	\$0	\$0	\$0	\$1,352,033	(\$48,067)	(\$48,167)	(\$48,269)	(\$48,371)	(\$48,474)	\$1,110,686
Cash and equivalents, beginning	\$0	\$0	\$0	\$0	\$0	\$118,821	\$598,332	(\$169,508)	(\$165,462)	(\$159,062)	(\$154,363)	(\$150,417)	(\$81,660)
Cash and equivalents, ending	\$0	\$0	\$0	\$0	\$0	\$0	\$118,821	\$717,153	\$547,645	\$382,182	\$223,121	\$68,757	\$0
	\$0	\$0	\$0	\$0	\$0	\$118,821	\$717,153	\$547,645	\$382,182	\$223,121	\$68,757	(\$81,660)	(\$81,660)

**Cash Flow**  
**FY 2002**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2002
<b>Cash flows from operating activities:</b>													
<b>Net income</b>	(\$114,507)	(\$102,508)	(\$90,335)	(\$76,142)	(\$58,612)	(\$39,245)	(\$13,009)	\$13,883	\$39,672	\$67,809	\$96,522	\$124,001	(\$152,471)
<b>Adjustments to net income:</b>													
Depreciation and amortization	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	166,667
<b>Changes in operating assets and liabilities:</b>													
Accounts receivable	(\$12,997)	(\$27,384)	(\$30,828)	(\$30,603)	(\$37,727)	(\$44,833)	(\$55,646)	(\$55,130)	(\$54,609)	(\$54,143)	(\$53,636)	(\$53,166)	(\$510,701)
Accounts payable	20,135	42,873	48,369	47,120	58,032	69,140	85,166	83,478	82,223	80,261	78,672	77,595	773,062
Accrued payroll, taxes, and benefits	30	0	244	0	0	254	0	0	264	0	0	274	1,065
<b>Total Changes in operating assets and liabilities</b>	\$7,168	\$15,490	\$17,785	\$16,517	\$20,305	\$24,560	\$29,520	\$28,348	\$27,877	\$26,118	\$25,036	\$24,704	\$263,426
<b>Net cash provided (used) by operations</b>	(\$93,450)	(\$73,130)	(\$58,661)	(\$45,736)	(\$24,418)	(\$796)	\$30,400	\$56,120	\$81,438	\$107,816	\$135,447	\$162,593	\$277,622
<b>Cash flows from investing activities:</b>	\$0	\$0	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250,000
<b>Cash flows from financing activities:</b>	(12,578)	(12,663)	(12,788)	(12,895)	(13,002)	(13,111)	(13,220)	(13,330)	(13,441)	(13,553)	(13,666)	(13,780)	(156,048)
<b>Total Cash flows from financing activities</b>	(\$12,578)	(\$12,663)	(\$237,212)	(\$12,895)	(\$13,002)	(\$13,111)	(\$13,220)	(\$13,330)	(\$13,441)	(\$13,553)	(\$13,666)	(\$13,780)	\$91,952
<b>Net increase (decrease) in cash and equivalents</b>	(\$106,028)	(\$55,812)	(\$178,551)	(\$58,631)	(\$37,421)	(\$13,907)	\$17,180	\$42,790	\$67,997	\$94,262	\$121,781	\$148,813	\$389,574
<b>Cash and equivalents, beginning</b>	\$234,340	\$128,312	\$42,500	\$221,050	\$162,419	\$124,998	\$111,092	\$128,271	\$171,061	\$239,058	\$333,320	\$455,101	\$234,340
<b>Cash and equivalents, ending</b>	\$128,312	\$42,500	\$221,050	\$162,419	\$124,998	\$111,092	\$128,271	\$171,061	\$239,058	\$333,320	\$455,101	\$603,914	\$603,914

	Cash Flow												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2003
Cash flows from operating activities:													
Net income	\$131,590	\$146,510	\$161,568	\$178,738	\$199,949	\$223,399	\$255,124	\$287,179	\$317,534	\$350,215	\$383,183	\$414,319	\$3,049,324
Adjustments to net income:													
Depreciation and amortization	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	166,667
Changes in operating assets and liabilities:													
Accounts receivable	(\$6,107)	(\$21,809)	(\$25,589)	(\$25,447)	(\$13,222)	(\$40,992)	(\$52,694)	(\$52,191)	(\$51,233)	(\$51,233)	(\$50,758)	(\$50,286)	(\$41,998)
Accounts payable	4,885	28,814	34,794	33,867	45,350	57,089	73,783	72,448	71,648	69,908	66,672	67,997	828,911
Accrued payroll, taxes, and benefits	31	0	285	0	0	297	0	0	306	0	0	321	1,242
Total Changes in operating assets and liabilities	(\$1,491)	\$7,005	\$9,490	\$9,414	\$12,128	\$16,434	\$21,089	\$20,258	\$20,246	\$18,676	\$17,914	\$17,992	\$188,155
Net cash provided (used) by operations	\$143,988	\$167,404	\$184,984	\$207,039	\$225,965	\$253,723	\$290,102	\$321,328	\$351,688	\$382,779	\$414,986	\$446,200	\$3,384,145
Cash flows from investing activities:													
Cash flows from financing activities:													
Total Cash flows from financing activities	(\$13,895)	(\$14,011)	(\$14,127)	(\$14,245)	(\$14,364)	(\$14,484)	(\$14,604)	(\$14,726)	(\$14,849)	(\$14,972)	(\$15,097)	(\$15,223)	(\$174,598)
Net increase (decrease) in cash and equivalents	\$130,093	\$153,394	\$170,857	\$186,794	\$211,601	\$239,239	\$275,498	\$308,600	\$338,839	\$367,807	\$399,889	\$430,977	\$3,209,547
Cash and equivalents, beginning	\$603,914	\$734,007	\$887,401	\$1,058,238	\$1,245,031	\$1,456,633	\$1,695,872	\$1,971,370	\$2,277,970	\$2,614,789	\$2,982,596	\$3,382,484	\$603,914
Cash and equivalents, ending	\$734,007	\$887,401	\$1,058,238	\$1,245,031	\$1,456,633	\$1,695,872	\$1,971,370	\$2,277,970	\$2,614,789	\$2,982,596	\$3,382,484	\$3,813,461	\$3,813,461

**Exhibit D**  
**Directors, Officers and Managerial Qualifications**

## MANAGERIAL QUALIFICATIONS

**Stephen Gilbert** possesses the managerial and technical qualifications necessary to manage the Applicant's telecommunications services. Most recently, Mr. Gilbert served as a Director and Executive Vice President of Log on America, Inc., a Competitive Local Exchange Carrier offering local dial-tone, in-state toll and long distance telephone services, as well as digital line subscriber (DSL) Internet access across the Northeast.

Mr. Gilbert received his undergraduate degree from the Massachusetts Institute of Technology in mathematics, economics and computer science. As a student at MIT's Sloan School of Management, he received a graduate degree settling into the development of an MIS Framework as his graduate thesis topic.

During that period he worked extensively in the fledging field of entrepreneurial studies and helped form the Institute for New Enterprise Development (INED).

Mr. Gilbert was instrumental in the development of the underlying structural foundation of various computer systems driving major corporations such as NCR, Iron Mountain, and Gettysburg Insurance, and his Library Archival System is still a mainstay for major research libraries such as Harvard, Cornell, Yale, and the University of South Carolina.

As a resident of Maine, Mr. Gilbert successfully built its largest and most sophisticated Internet service, and was able to provide low cost rural access in one of the most expensive Telco states in the United States.

**Don Hebert** is a graduate of the University of Maine in Orono with a major in Accounting and minor in Finance. He has over 20 years experience beginning with a variety of financial positions in manufacturing culminating as CFO. For the last 5 years, Mr. Hebert has moved into the telecommunications service sector. He worked closely with Mr. Gilbert as CFO of cyberTours and was pleased to have the opportunity rejoin a successful team.

**Exhibit E**  
**Resold Interexchange Tariff**