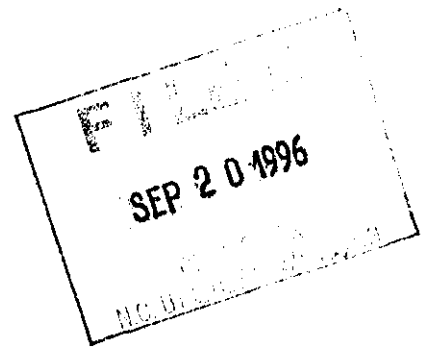


# CaroNet

A Subsidiary of  
Carolina Power & Light Company

Two Hannover Square, Suite 1860  
434 Fayetteville Street Mall  
Raleigh NC 27601-1741



September 19, 1996

RECEIVED FILING FEE 250.00

Mrs. Geneva Thigpen  
Chief Clerk  
North Carolina Utilities Commission  
Post Office Box 29510  
Raleigh, North Carolina 27626-0510

OFFICIAL COPY

Dear Mrs. Thigpen:

P-462 SUB 1

Enclosed for filing are an original and thirty-two (32) copies of CaroNet, LLC's Application for a Certificate of Public Convenience and Necessity for authority to provide local exchange and exchange access services, pursuant to §62-110 of the North Carolina General Statutes. Also enclosed is the application filing fee in the amount of \$250.00.

Sincerely,

A handwritten signature in cursive script, appearing to read "Len S. Anthony".

Len S. Anthony

LSA/sjb  
Enclosures

Clerk  
918  
3 Panel  
Bennink  
Hong  
Hoober  
Kite  
Sessions  
Steel  
Matala

Gruber  
3 Wike  
3 Carter  
3 Clemmons

STATE OF NORTH CAROLINA  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. P462, SUB 1

In the Matter of )  
Application of CaroNet, LLC, for a )  
Certificate of Public Convenience and )  
Necessity to Provide Telecommunications )  
Services in North Carolina )

APPLICATION FOR  
CERTIFICATE OF PUBLIC  
CONVENIENCE AND NECESSITY

**OFFICIAL COPY**

CaroNet, LLC, ("CaroNet" or "Applicant"), a North Carolina limited liability company, hereby applies to the North Carolina Utilities Commission ("Commission") for a Certificate of Public Convenience and Necessity, pursuant to North Carolina General Statutes §62-110, and other applicable sections of the North Carolina General Statutes, and the rules and regulations of the Commission as now and hereafter enacted, authorizing CaroNet to provide local exchange and exchange access telecommunications services in North Carolina.

This Application will show that:

- (a) CaroNet is fit, capable, and financially able to render such services;
- (b) The services to be provided by CaroNet will reasonably meet the service standards of the Commission;
- (c) The provision of services by CaroNet will not adversely impact the availability of reasonably affordable local exchange service;
- (d) CaroNet will participate, to the extent required by the Commission, in the support of universally available telephone services at affordable rates; and
- (e) The provision of services by CaroNet will not otherwise adversely impact the public interest.

In compliance with the Commission's rules and regulations, the following information is provided:

1. The legal name and principal address of the Applicant is:

CaroNet, LLC  
Two Hannover Square, Suite 1860  
434 Fayetteville Street Mall  
Raleigh, North Carolina 27601

2. The names and post office addresses of the Applicant's attorneys are:

Steven Carr  
Len S. Anthony  
Post Office Box 1551  
Raleigh, North Carolina 27602-1551

3. The Applicant: CaroNet, LLC, is a North Carolina limited liability company owned by Carolina Power & Light Company ("CP&L") and CaroCapital, Inc., a North Carolina Enterprise Corporation, a wholly-owned subsidiary of CP&L. Its registered agent in North Carolina is William D. Johnson, whose address is Post Office Box 1551, Raleigh, North Carolina 27602. A list of Applicant's officers and employees is attached as Exhibit A. A copy of CaroNet's Articles of Organization is attached as Exhibit B.

4. Authorized Representatives: The names, addresses and telephone numbers of CaroNet's counsel of record are Len S. Anthony and Steven Carr, Post Office Box 1551, Raleigh, North Carolina 27602-1551, (919) 546-6367 and (919) 546-4161 respectively. The name, title, address and telephone number of the person who should be contacted in connection with operations, repair and maintenance is David S. Furiness, Two Hannover Square, Suite 1860, 434 Fayetteville Street Mall, Raleigh, North Carolina 27601, (919) 546-3222. The name, title, address and telephone number of the person who should be contacted in connection

with general management of the company is Wayne C. Hamilton, General Manager, Two Hannover Square, Suite 1860, 434 Fayetteville Street Mall, Raleigh, North Carolina 27601, (919) 546-4150.

5. CaroNet Operations in Other States: CaroNet is currently certificated as a carrier's carrier in South Carolina. CaroNet also provides carrier's carrier service in North Carolina.

6. Proposed Services: CaroNet seeks authorization to operate as competing local provider of telecommunications services in North Carolina. The services and facilities provided by CaroNet shall only be used to provide those intrastate services it is allowed to provide under North Carolina law and for which CaroNet has obtained Commission approval.

7. Management and Managerial Experience: The general manager and employees of CaroNet have extensive technical, financial and engineering skills in operating and providing fiber optic facilities and telecommunications services. The educational and occupational experience of CaroNet's General Manager, Wayne C. Hamilton; its Director - Business Development, Ronald O. Weathers; and its Director - Technology, David S. Furiness are set forth in Exhibit C. A brief description of CaroNet's history of providing telecommunications services, and the geographic areas where it has and is currently providing such services, is set forth in Exhibit D. Note that these excerpts from a CaroNet marketing brochure refer to CaroNet, Inc. as these materials were prepared prior to CaroNet's organization as a limited liability company, effective August 1, 1996. As this Application demonstrates, CaroNet is fit to provide the proposed services to other carriers, resellers and other customers in North Carolina.

8. Financial Statements: CaroNet has the full support of its parent company, CP&L. CP&L will provide CaroNet with adequate capital and funding to operate as a competing local provider in North Carolina. A copy of CP&L's most recent annual report and a copy of Applicant's current balance sheet is attached as Exhibit E.

9. Proposed Geographic Service Areas: CaroNet requests that the Commission grant it the authority to provide the proposed services throughout the State of North Carolina.

10. Types of Service: Applicant requests authority to provide local exchange and exchange access telecommunications services throughout the State of North Carolina. CaroNet currently intends to provide a full range of services, including, but not limited to, voice, data and video traffic, and other services as may be required by its customers.

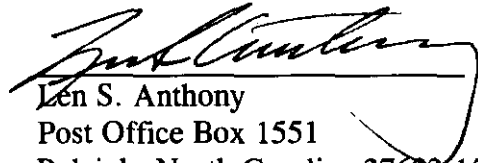
11. Compliance with Commission Rules and Regulations: By this Application, and by participating in all proceedings necessary to effect certification, CaroNet hereby asserts its willingness and ability to comply with all the rules and regulations that the Commission may impose subject to North Carolina laws as now and hereafter enacted. Specifically, CaroNet will abide by the Commission's rules and regulations, and the findings, conclusions, terms and conditions set forth in pertinent Commission orders. Accordingly, this Application seeks such approval and authority as may be required for CaroNet to provide the hereinbefore described services throughout North Carolina.

12. Notice of Service: CaroNet has served a copy of this Application on all local exchange carriers in the proposed service territory.

WHEREFORE, CaroNet respectfully requests that the Commission issue a Certificate of Public Convenience and Necessity, authorizing it to provide local exchange and exchange access telecommunications services in the State of North Carolina.

Respectfully submitted this the 19<sup>th</sup> day of Sept., 1996.

CARONET, LLC



Len S. Anthony  
Post Office Box 1551  
Raleigh, North Carolina 27602-1551  
(919) 546-6367

Steven Carr  
Post Office Box 1551  
Raleigh, North Carolina 27602-1551  
(919) 546-4161

VERIFICATION

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Ronald O. Weathers, being duly sworn, deposes and says: That he is the Director - Business Development of CaroNet, LLC; that he has read the foregoing Application and knows the contents thereof, and that the same is true of his own knowledge except as to the matters therein stated upon information and belief, and as to those matters he believes them to be true; that he consents to the verified affidavit being used as evidence in this proceeding.

Ronald O. Weathers  
RONALD O. WEATHERS

Subscribed and sworn to before me,

this the 19<sup>th</sup> day of September, 1996.

Patricia M. Guxton  
Notary Public

My Commission Expires: Jan. 10, 2000

(SEAL)

## **EXHIBIT A**

**CaroNet Officers and Employees**

<b>Glenn E. Harder</b>	<b>Member Representative</b>
<b>Margaret S. Glass</b>	<b>Member Representative</b>
<b>Wayne C. Hamilton</b>	<b>General Manager</b>
<b>Ronald O. Weathers</b>	<b>Director - Business Development</b>
<b>David S. Furiness</b>	<b>Director - Technology</b>
<b>Scott M. Renegar</b>	<b>Senior Analyst</b>
<b>Jerome Pople</b>	<b>General Sales Manager</b>
<b>Wallace G. Daniel</b>	<b>Director - Wireless and Network Services</b>
<b>Sandra Gimbert</b>	<b>Coordinator - Office Services</b>

**EXHIBIT B**

**Articles of Organization**

# STATE OF NORTH CAROLINA



Department of The  
Secretary of State

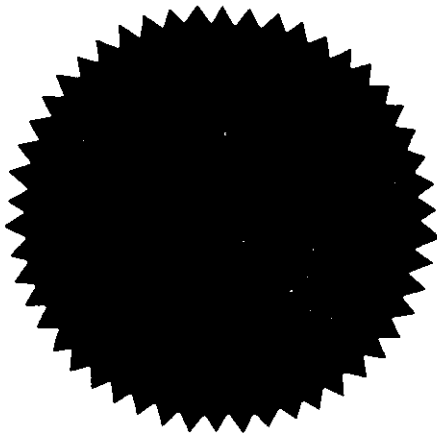
**To all whom these presents shall come, Greetings:**

**I, Janice H. Faulkner, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of**

**ARTICLES OF ORGANIZATION  
OF  
CARONET, LLC**

*the original of which was filed in this office on the 29th day  
of July, 1996.*

***IN WITNESS WHEREOF, I have hereunto set my  
hand and affixed my official seal at the City of  
Raleigh, this 29th day of July, 1996.***



*Janice H. Faulkner*  
Secretary of State

C-0402567  
FILED  
2:40pm  
JUL 29 1996

State of North Carolina  
Department of the Secretary of State

Limited Liability Company  
ARTICLES OF ORGANIZATION

EFFECTIVE  
JANICE H. FAULKNER  
SECRETARY OF STATE  
NORTH CAROLINA

Pursuant to §57C-2-20 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is: CARONET, LLC
2. The latest date on which the limited liability company is to dissolve is: July 1, 2096.
3. The name and address of each organizer executing these articles of organization is as follows (at least two persons must execute this document; attach additional pages if necessary):

North Carolina CaroNet, Inc.  
411 Fayetteville Street  
P.O. Box 1551  
Raleigh, NC 27602

CaroCapital, Inc.  
a North Carolina Enterprise Corporation  
411 Fayetteville Street  
P.O. Box 1551  
Raleigh, NC 27602

4. The street address and county of the initial registered office of the limited liability company is:

Number and Street: 411 Fayetteville Street  
City, State, Zip Code: Raleigh, NC 27601      County: Wake

5. The mailing address if different from the street address of the initial registered office is:  
P.O. Box 1551, Raleigh, NC 27602.

6. The name of the initial registered agent is: William D. Johnson

7. Check one of the following:

X (i) Member-managed LLC: all of the members by virtue of their status as members shall be managers of this limited liability company.


\_\_\_\_\_ (ii) Manager-managed LLC: except as provided by N.C.G.S. §57C-3-20(a), the members of this limited liability company shall not be managers by virtue of their status as members.

8. These articles will be effective upon filing, unless a date and/or time is specified:

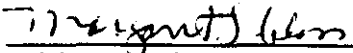
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This the 26th day of July, 1996.

NORTH CAROLINA CARONET, INC.,  
Organizer

By:   
Glenn E. Harder  
Vice President

CAROCAPITAL, INC., a North Carolina  
Enterprise Corporation, Organizer

By:   
Margaret S. Glass  
Vice President and Treasurer

23689

## **EXHIBIT C**

### **Managerial and Technical Qualifications**

**Wayne C. Hamilton  
General Manager  
CaroNet LLC**

Telecommunications and technology related experience.

Responsibilities over the past 5 years have been directly in telecommunications including:

Management of CP&L interest in a limited partnership with BellSouth Personal Communications to build a new wireless technology telephone system in North and South Carolina.

Managing CP&L's entry into the fiber optic communications business as a carrier's carrier in the Carolinas.

Managed CP&L's internal telecommunications function including responsibility for:

- Internal telephone system - over 150 PBX and key systems, over 10,000 phones
- 30,000 square mile two way radio network - over 3500 vehicle and portable two way radios
- 650 mile microwave communication network
- 750 mile fiber optic communication network
- Network control and operation center
- 80 person telecommunication maintenance group

Prior responsibilities include over 24 years of computer management and computer technology experience including:

- 7 years at General Electric responsible for Management Information System development and computer operations
- 3 years building a start-up computer software and operations center serving the financial industry
- 14 years at IBM providing technical marketing support - regional data communication software specialist

Education:

B.S. in Industrial Administration - University of Kentucky

**Ronald O. Weathers**  
**Director - Business Development**  
**CaroNet, LLC**

**Current Assignment:**

Director - Business Development, CaroNet, LLC. Involved in all aspects of company. Managing relationships and communications between CaroNet and its telecommunications customers, vendors, and suppliers.

**Prior Experience:**

Manager, Control & Administration for CP&L's Telecommunications Department (92 - 95). Managed staff of 22. Responsibilities included financial analysis and cost control, budget (\$18MM), business plan development and management, work management support, contract management, computing support, office services support, and management of corporate programs. Special project management assignments involved the development of department functional organization and staffing plan. Managed Competitive Access Project with Carolina Telephone to evaluate joint venture feasibility. Additional interim assignments included telecommunications planning with responsibilities for department strategic, technical, and project planning.

Project Management - CP&L's Management Service Department (85 - 92). Intra-company management consultant working with senior management and department managers to improve organizational and process efficiencies, define strategies to enhance customer and employee satisfaction, and increase strategic sales. Managed more than 25 project studies throughout major functional areas of the company.

Senior Quality Assurance Specialist - CP&L's Corporate Quality Assurance Department (81 - 85). Activities included extensive regulatory research and analysis.

Quality Assurance Engineer, GKN Automotive Components, Inc. (79 - 81). Key member of U.S. plant start-up operations. European assignments included engineering and contract liaison to critical component manufacturers.

Quality Control Supervisor, Engineer, Stanadyne Corporation (76 - 79). Managed materials testing and engineering laboratory analysis. Research and new product development activities involved failure and reliability analysis.

Production Manager, Division Quality Manager, Duplan Corporation (73 - 76). Managed plant production operations. Managed division quality and product evaluation program including cost control, inspection planning, chemical laboratory.

**Education:**

1989 - MBA, Duke University, 1973 - BS, North Carolina State University

**David Furiness**  
**Director - Technology**  
**CaroNet, LLC**

**Current Assignment:**

Director - Technology Development, CaroNet, LLC. Overall responsibility for the development, operation, and maintenance of marketable fiber optic-based telecommunications capacity. Capacity is currently provided using SONET OC-48 bi-directional line-switched rings (BLSRs) and traditional DS1 and DS3 transport systems. Identify and evaluate potential network expansion projects, and manage their implementation. Provide technical leadership in the development of new CaroNet telecommunications products and services.

**Prior Experience:**

Project Business Analyst, Carolina Power & Light Company (94 - 95). Directed the design and implementation of a TCP/IP-based branch office router network connecting over seventy-five CP&L business locations. Performed work group resource and budget planning.

Manager, Networked Systems Installation Services, Carolina Power & Light Company (93 - 94). Managed a ten-person work group responsible for administrative and second-level technical support of CP&L's data network. Work group personnel included senior analysts responsible for Banyan NOS support and field service technicians. Personal responsibilities included assisting in the resolution of escalated network problems, and the establishment of support objectives and procedures.

Senior Information Systems Analyst, Carolina Power & Light (92 - 93). Directed the design and implementation of large-scale network changes to the corporate SNA network required to support a new customer information management system.

Senior Systems Engineer, FiberLAN, Inc. (86 - 92). Designed and implemented fiber-based, multi-vendor communications networks incorporating MAN and LAN technologies. Network implementations often included the use of DS3 and 560 Mbps fault-tolerant rings developed by FiberLAN engineering personnel. Responsibilities included assessing client needs, developing systems designs, preparing technical proposals, and managing project implementation

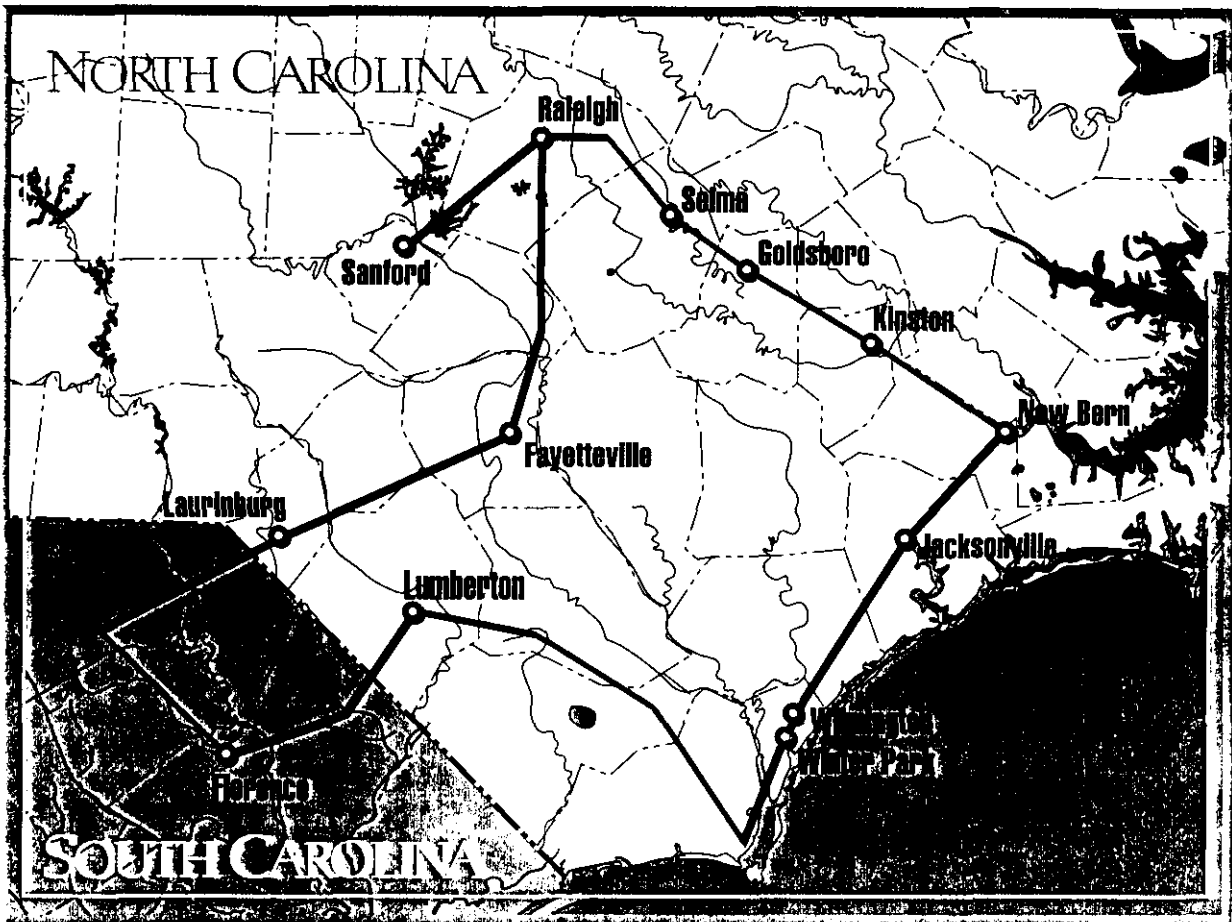
**Education:**

1981 - Bachelor of Science in Electrical Engineering, Cornell University, Ithaca, NY

**EXHIBIT D**

**History of Services**

# THE NETWORK



SONET-based ring architecture providing maximum reliability and flexibility

24x7 network monitoring and maintenance from our network control center

Tailored to meet the needs of Local Exchange Carriers, Inter-Exchange Carriers & Cellular/PCS Providers

Customer focused services:

- Operations
- Administration
- Maintenance
- Provisioning

Wide range of interfaces supported  
DS1 • DS3 • EC-1 • OC-n

## **CITIES SERVED:**

*Fayetteville, Goldsboro, Jacksonville, Kinston, Laurinburg, Lumberton,  
New Bern, Raleigh, Sanford, Selma, Wilmington, Florence*

## CaroNet

A Subsidiary of  
Carolina Power & Light Company

Telephone 919 546-2455

# BACKGROUND

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*CaroNet* is a Raleigh, North Carolina -based company and wholly-owned subsidiary of Carolina Power & Light (CP&L) — the 20th largest electric utility in the country.

*CaroNet*, incorporated in late 1994, evolved from CP&L's telecommunications organization, and is aggressively pursuing business opportunities utilizing its 750-mile SONET-based fiber optic network. *CaroNet* is also responsible for managing its investment in BellSouth Carolinas PCS, L.P., which is licensed to provide Personal Communications Services (PCS) in the Carolinas Major Trading Area (MTA). The PCS system is scheduled to be operational in mid-1996.

*CaroNet* and CP&L have a long history of providing high quality, reliable communications to major interexchange carriers (IXCs). Over the past 15 years, CP&L has successfully designed, constructed, and operated one of North Carolina's largest telecommunications networks. Its extensive infrastructure of fiber optic cables ranks it, in terms of route miles, among the top 5% of electric utilities nationwide.

*CaroNet* provides both "lit" and dark fiber services to other telecommunications carriers. Through its affiliation with Carolinas FiberNet and Interstate FiberNet, *CaroNet* offers services to locations throughout the Southeast over a 4,700 mile SONET-based fiber optic network.

For further information call *CaroNet* at: (919) 546-2455 or FAX: (919) 546-3846

Or write to: *CaroNet*, Inc.  
Two Hannover Square, Suite 1860  
434 Fayetteville Street Mall  
Raleigh, North Carolina 27601-1741

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## ***CaroNet***

A Subsidiary of  
Carolina Power & Light Company

# QUESTIONS & ANSWERS

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**Q.** Who is *CaroNet*?

**A.** *CaroNet* is a Raleigh, North Carolina-based wholly-owned subsidiary of Carolina Power & Light Company (CP&L), one of the largest electric utilities in the country. *CaroNet* was established as a telecommunications subsidiary of CP&L to manage an investment in Personal Communications Services (PCS) for the Carolinas Major Trading Area, and to expand CP&L's historical role in telecommunications by providing capacity and services to large telecommunications users.

**Q.** What is *CaroNet*'s mission?

**A.** *CaroNet*'s mission is to develop, pursue, and manage business opportunities in telecommunications, leveraging existing infrastructure, assets, core competencies, and business partnership arrangements in a customer-focused, profitable manner.

**Q.** What services does *CaroNet* provide?

**A.** *CaroNet*, authorized as a carrier's carrier, provides fiber optic communications capacity to telecommunications companies in North Carolina and South Carolina. Capacity is available in DS1, DS3, and OC-*n* formats. Digital Access and Cross-connect System (DACCS) and multiplexing services are also available.

**Q.** What experience does *CaroNet* have providing fiber optic capacity?

**A.** CP&L has been providing wholesale fiber optic capacity to interexchange carriers (IXCs) since 1987. *CaroNet* was established in 1994 to leverage this experience to pursue additional business opportunities in the evolving telecommunications industry. *CaroNet*'s customers now include IXCs, competitive access providers (CAPs), and wireless providers.

**Q.** How extensive is the *CaroNet* network?

**A.** *CaroNet* operates a 750-mile SONET OC-48 network in the Carolinas. Significant capacity is available on the network to cities that have been traditionally considered secondary and tertiary markets, enabling *CaroNet* customers to provide reliable, low cost services in these markets. Through strategic affiliations with other telecommunications providers, *CaroNet* has a 1,700-mile footprint throughout the Southeast.

**Q.** What are the specifications of the network?

**A.** The network was designed to meet the requirements and specifications of IXCs, local exchange carriers (LECs), and other telecommunications providers. Communications capacity is provid-

ed using a fifteen (15) node OC-48 bidirectional line-switched ring (BLSR). The network supports a wide range of communications interfaces, including DS-1, DS-3, and OC-*n*. The network utilizes optical groundwire (OPGW) installed on high voltage transmission lines to enhance network integrity and reliability.

**Q.** How reliable is the network?

**A.** *CaroNet*'s SONET ring architecture, use of secure high voltage transmission lines to route fiber optic cable, and established maintenance procedures and priorities, provide CP&L with the reliability it requires to connect critical internal facilities. This network also provides *CaroNet* customers with network reliability exceeding industry standard performance criteria.

**Q.** What type of operations and maintenance support does *CaroNet* provide?

**A.** *CaroNet* relies on the operations and maintenance procedures that were developed to support both CP&L's internal needs and the needs of the external customers it began serving in 1987. *CaroNet*'s network is actively monitored by an automated, centralized network control center, 24 hours per day, 7 days a week. This network control center enables *CaroNet* to provide rapid response in the event of system alarms, outages, and customer inquiries.

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## CaroNet

A Subsidiary of  
Carolina Power & Light Company

For further information call *CaroNet* at:  
(919) 546-2455 or FAX: (919) 546-3846

Or write to: *CaroNet*, Inc.  
Two Hannover Square, Suite 1860  
434 Fayetteville Street Mall  
Raleigh, North Carolina 27601-1741

**CaroNet, Inc.**  
**Balance Sheet**

July 31, 1996

**Assets**

**Current Assets**

Cash	\$ 510,574
Accounts receivable	370,597
Interest receivable	712,527
Note receivable	16,700,000
Income taxes receivable	645,693
Deferred income taxes	20,740
Other current assets	37,500
Total Current Assets	18,997,631

**Other Assets**

Investment in PCS partnership	30,010,220
Investment in Carolinas FiberNet	100,000
Property, plant and equipment (net)	68,767
Deferred income taxes	50,115
Total Other Assets	30,229,102
<b>Total Assets</b>	<b>\$ 49,226,733</b>

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**Liabilities and Stockholders' Equity**

**Current Liabilities**

Accounts payable	\$ 121,904
Unearned revenue	51,800
Total Current Liabilities	173,704

**Deferred Credits and Other Liabilities**

Unearned revenue	125,181
Total Deferred Credits and Other Liabilities	125,181

**Stockholders' Equity**

Common stock	50,001,000
Accumulated deficit	(1,073,152)
Total Stockholders' Equity	48,927,848

<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 49,226,733</b>
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