



OFFICIAL COPY

FILED

March 14, 2002

MAR 14 2002

Office
Commission

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

250.00
RECEIVED FILING FEE 250.00

Re: NCUC Docket No. P-708, Sub 8

Dear Mrs. Thigpen:

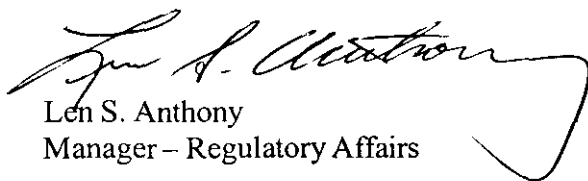
P-1175 SUBO

Enclosed please find the original and nine (9) copies of CaroNet, Inc.'s Petition to Transfer its Certificates of Public Convenience and Necessity to Provide Intrastate Telecommunications Services as an Interexchange Carrier and as a Competing Local Exchange Carrier to Progress Telecom Corporation. Two unredacted copies of confidential financial information (Attachment 1 – Exhibit F) are contained in a sealed envelope stamped "Confidential." The original and nine copies contain the redacted version.

*Clerk
AG
Sessions
W. J. Hall
/ Legal
/ Ec/Res
/ Comm.*

Also enclosed are two checks, each in the amount of \$250.00, one for each request to transfer.

Sincerely,


Len S. Anthony
Manager – Regulatory Affairs

LSA/sww
Enclosures
110348

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. P-708, SUB 8

In the Matter of:)	CARONET, INC.'S PETITION TO
Petition of CaroNet, Inc. to Transfer its)	TRANSFER ITS CERTIFICATES OF
Certificates of Public Convenience and)	PUBLIC CONVENIENCE AND
Necessity to Provide Intrastate)	NECESSITY TO PROVIDE INTRASTATE
Telecommunications Services as an)	TELECOMMUNICATIONS SERVICES
Interexchange Carrier and a Competing)	AS AN INTEREXCHANGE
Local Exchange Carrier to Progress)	CARRIER AND A COMPETING LOCAL
Telecom Corporation)	EXCHANGE CARRIER TO PROGRESS
)	TELECOM CORPORATION

Pursuant to N.C. Gen. Stat. § 62-111 and the North Carolina Utilities Commission's ("the Commission") Rule R1-5, CaroNet, Inc. ("CaroNet") petitions the Commission to allow it to transfer its certificates of public convenience and necessity to provide telecommunications services as an interexchange carrier and a competing local exchange carrier to its affiliate, Progress Telecom Corporation ("Progress Telecom"). In support of this petition, CaroNet shows the following:

1. The attorney for CaroNet to whom all communications and pleadings should be addressed is Len S. Anthony, Manager – Regulatory Affairs, 410 S. Wilmington Street, Post Office Box 1551, Raleigh, North Carolina 27602, and telephone (919) 546-6367.
2. CaroNet is a North Carolina corporation, owned by Carolina Power & Light Company. CaroNet's principal office and place of business is at 410 S. Wilmington Street, Raleigh, North Carolina 27602.
3. By order issued March 25, 1997, in Docket No. P-462, Sub 1, the Commission granted CaroNet a certificate of public convenience and necessity to provide local exchange

telecommunications services and exchange access services as a competing local provider (“CLP”) in the State of North Carolina. By order issued August 26, 1997, in Docket No. P-462, Sub 2, the Commission granted CaroNet a certificate of public convenience and necessity to provide non-switched facilities-based long distance telecommunications services on an intraLATA and interLATA basis in the State of North Carolina

4. By order issued February 4, 1998, in Docket Nos. P-462, Sub 3 and P-708, Sub 0, the Commission granted CaroNet’s petition to transfer its certificates of public convenience and necessity to provide intrastate long distance telecommunications services and local exchange and exchange access services to its affiliate, Interpath Communications, Inc. (“Interpath”).¹

5. By order issued September 29, 1998, in Docket No. P-708, Sub 2, the Commission amended Interpath’s Certificate of Public Convenience and Necessity to provide non-switched facilities-based long distance telecommunications services to also allow the provision of switched long distance telecommunications services.

6. On July 14, 2000, Interpath changed its name to CaroNet, Inc.

7. In November of 2000, Progress Energy acquired Florida Progress Corporation. Florida Progress was the holding company that owned Florida Power Corporation. Florida Progress also owned a telecommunications company called Progress Telecommunications Corporation. Progress Energy now wishes to combine Progress Telecommunications Corporation and CaroNet, Inc. into a new corporation, Progress Telecom.

8. Currently, CaroNet is not serving any customers in North Carolina.

9. Progress Telecom will possess the managerial and operational expertise necessary to provide high quality telecommunications services. Progress Telecom will also possess the

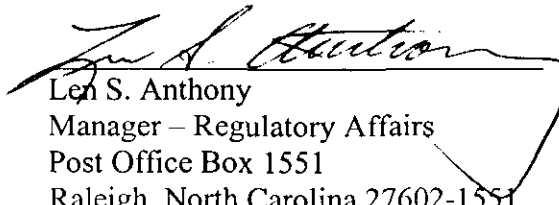
¹CaroNet, which at that time was a limited liability company, was then dissolved.

facilities and the financial resources necessary to provide high quality services. Attachment I contains all of the information that a CLP applicant is required to furnish pursuant to Commission Rule R17-2 and the Commission's orders. This information demonstrates Progress Telecom's managerial, operational and financial capability to operate as a CLP and interexchange carrier in North Carolina.

WHEREFORE, CaroNet, Inc. petitions the Commission to transfer its certificates of public convenience and necessity to provide telecommunications services as a CLP and interexchange carrier to Progress Telecom.

Respectfully submitted this the 14th day of March, 2002.

CARONET, INC.



Len S. Anthony
Manager – Regulatory Affairs
Post Office Box 1551
Raleigh, North Carolina 27602-1551
Tel: (919) 546-6367
Fax: (919) 546-2694

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N.C. UTILITIES COMMISSION

Attachment I

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N.C. UTILITIES COMMISSION

**APPLICATION FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY TO OFFER
LOCAL EXCHANGE AND EXCHANGE ACCESS
TELECOMMUNICATIONS SERVICE
AS A COMPETING LOCAL PROVIDER**

To Be Completed by Chief Clerk:	
	P-708 Sub 0
DOCKET No.	P-776 Sub 0
Filing Fee Received \$	250.00
	250.00

Note: To apply for a Competing Local Provider (CLP) Certificate, the Applicant must submit a filing fee of \$250.00 and the typed original and 9 copies of this document to the North Carolina Utilities Commission at the following address:

Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

The application must be properly completed and correctly verified. If it is not, a copy of the application will be returned to the Applicant, and the application will not be further processed. If the Applicant wishes to continue with the certification process, a correct application must be resubmitted with a new filing fee. The original filing fee will not be returned.

A copy of the completed application must be served on each incumbent Local Exchange Company (LEC) in North Carolina. A service list may be obtained from the Chief Clerk.

Any information which the Applicant claims is "confidential" or constitutes a "trade secret" should be clearly marked as such and filed under "SEAL." Two copies of the confidential information should be provided.

Falsification of or failure to disclose any information in this application for certification may be grounds for denial of or delay in the award of the certificate requested.

The undersigned certifies to the North Carolina Utilities Commission as follows:

NAME AND CONTACTS

1. **APPLICANT**

Progress Telecom Corporation

(NAME)
263 13th Avenue South, St. Petersburg, FL 33701

(PHYSICAL ADDRESS - STREET, SUITE NUMBER, CITY, STATE, ZIP)

(MAILING ADDRESS - IF DIFFERENT FROM ABOVE)

(d/b/a NAME(S))

FOR: QUESTIONS ON THE APPLICATION

Cathy J. Quinn (cquinn@progresstelecom.com)

(NAME- PRINTED OR TYPED)
263 13th Avenue South, St. Petersburg, FL 33701

(PHYSICAL ADDRESS - STREET, SUITE NUMBER, CITY, STATE, ZIP)

(MAILING ADDRESS - IF DIFFERENT FROM ABOVE)
727-820-5611 727-820-5973

(TELEPHONE NUMBER) (FACSIMILE NUMBER)

FOR: GENERAL REGULATORY MATTERS

Cathy J. Quinn

(NAME- PRINTED OR TYPED)
263 13th Avenue South, St. Petersburg, FL 33701

(PHYSICAL ADDRESS - STREET, SUITE NUMBER, CITY, STATE, ZIP)

(MAILING ADDRESS - IF DIFFERENT FROM ABOVE)
727-820-5611 727-820-5973

(TELEPHONE NUMBER) (FACSIMILE NUMBER)

FOR: COMPLAINT INQUIRIES BY COMMISSION

Cathy J. Quinn

(NAME- PRINTED OR TYPED)

263 13th Avenue South, St. Petersburg, FL 33701

(PHYSICAL ADDRESS - STREET, SUITE NUMBER, CITY, STATE, ZIP)

(MAILING ADDRESS - IF DIFFERENT FROM ABOVE)

727-820-5611

(TELEPHONE NUMBER)

727-820-5973

(FACSIMILE NUMBER)

FOR: REGULATORY FEE PAYMENT

Patricia Morrison

(NAME- PRINTED OR TYPED)

263 13th Avenue South, St. Petersburg, FL 33701

(PHYSICAL ADDRESS - STREET, SUITE NUMBER, CITY, STATE, ZIP)

(MAILING ADDRESS - IF DIFFERENT FROM ABOVE)

727-820-5439

(TELEPHONE NUMBER)

727-820-5652

(FACSIMILE NUMBER)

FOR: RESPONSIBILITY FOR NORTH CAROLINA OPERATIONS

Larry Campbell

(NAME- PRINTED OR TYPED)

1 Turner Street, Raleigh, NC 27607

(PHYSICAL ADDRESS - STREET, SUITE NUMBER, CITY, STATE, ZIP)

(MAILING ADDRESS - IF DIFFERENT FROM ABOVE)

919-856-2010

(TELEPHONE NUMBER)

919-856-2055

(FACSIMILE NUMBER)

FOR: CONTACT BY POTENTIAL RESIDENTIAL SUBSCRIBERS

Will not be providing service to residential customers

(NAME- PRINTED OR TYPED)

(PHYSICAL ADDRESS - STREET, SUITE NUMBER, CITY, STATE, ZIP)

(MAILING ADDRESS - IF DIFFERENT FROM ABOVE)

(TELEPHONE NUMBER)

(FACSIMILE NUMBER)

FOR: CONTACT BY POTENTIAL BUSINESS SUBSCRIBERS (IF DIFFERENT FROM RESIDENTIAL)

Brian Jones

(NAME- PRINTED OR TYPED)

263 13th Avenue South, St. Petersburg, FL 33701

(PHYSICAL ADDRESS - STREET, SUITE NUMBER, CITY, STATE, ZIP)

(MAILING ADDRESS - IF DIFFERENT FROM ABOVE)

727-820-5949

(TELEPHONE NUMBER)

727-820-5292

(FACSIMILE NUMBER)

FOR: BILLING FOR PSP LINES AND PSP NOTICE REQUIREMENTS

Complete only if the Applicant intends to provide pay telephone service as a Payphone Service Provider (PSP). Provide the information to be used by the serving CLP or local exchange company (LEC) in billing for PSP lines or trunks and by the Applicant in meeting PSP notice requirements:

(NAME- PRINTED OR TYPED)

(PHYSICAL ADDRESS - STREET, SUITE NUMBER, CITY, STATE, ZIP)

(MAILING ADDRESS - IF DIFFERENT FROM ABOVE)

(TELEPHONE NUMBER)

(FACSIMILE NUMBER)

IDENTITY AND BUSINESS STRUCTURE

2. Type of Organization: (Check as appropriate)

- LLC _____ Individual (sole proprietor) _____
Partnership _____ Limited Partnership (LP) _____
Corporation X Public _____ Private _____ S _____ C _____
Other: Please Specify _____

3. Provide the information as specified below for the specific type of organization identified in Item 2.

- a) If a limited liability company, attach a copy of the articles of organization and the operating agreement, marked **Exhibit A**. Also attach a list of members, marked **Exhibit B**. If Applicant was not organized in North Carolina, attach a copy of the certificate of authority to do business in North Carolina, issued by the Secretary of State, marked **Exhibit C**.
- b) If a partnership or limited partnership, attach a copy of the partnership agreement, marked **Exhibit A**. Also attach a list of partners and officers and the percentage of equity interest of each, marked **Exhibit B**, and give names, positions and addresses of the principal officers.
- c) If a corporation, attach copy of the articles of incorporation and all amendments, if any, marked **Exhibit A**. Also attach a list of all directors and principal stockholders with the number of shares held by each, marked **Exhibit B**, and give names, positions and addresses of the principal corporate officers.
- d) If a corporation, state and date of incorporation: State: _____ Date: _____. If Applicant was not organized in North Carolina, attach a copy of the certificate of authority to do business in North Carolina, issued by the Secretary of State, marked **Exhibit C**.

4. If an office is not maintained in North Carolina, please provide the name and address of Applicant's agent for service of process in North Carolina.

William D. Johnson
411 Fayetteville St., PEB 1240
Raleigh, NC 27601

5. If any individuals, directors, partners, officers, or members are affiliated with (i.e., own at least a 10% interest in or serve as directors, partners, or members of) any other telecommunications company, provide, as **Exhibit D**, a list of the company(ies) and a description of the affiliation.

6. If the Applicant has a parent, affiliate(s) or subsidiary(ies), provide an organizational chart as **Exhibit E** which identifies each entity and its relationship to the Applicant.

FINANCIAL CAPABILITY

7. Provide an SEC 10K or audited financial statements for the most recent twelve months, marked as **Exhibit F**. If neither is available, provide Items (a) and (b) below. Item (c) must be provided if the Applicant is relying on a parent company or equity partner for its financial resources.
 - a) Provide a current Balance Sheet, marked as **Exhibit F**.
 - b) Provide an Income Statement, marked as **Exhibit F**, reflecting current and prior year balances for the twelve months ended as of the date of the Balance Sheet, or, if more readily available, for the period since the close of the preceding calendar year.
 - c) Provide the parent company's or equity partner's financial information as listed in this item (SEC 10K or audited financial information; or balance sheet and income statement), marked as **Exhibit F1** or **Exhibit F2** and **F3**, respectively, and a letter of commitment, marked as **Exhibit F4**, signed by an officer of the parent company or equity partner.
8. If the information in Item 7 is not available, please provide the information below. Applicants may file the appropriate portions of their plans and forecasts if they are sufficiently similar to the items below rather than generating new documents.
 - a) Annual projected income statement and statement of projected cash flows for each year until net cash is provided by the operating activities of the applicant or three years, whichever period is longer, as **Exhibit G1**.
 - b) Detailed description of the assumptions for each item reflected in the projected income statement and cash flow statement. The description should provide *information on key assumptions, including, but not limited to: number of customers, payroll costs, the number of persons employed (including independent contractors), and sources of external funds (banks, investors)* as **Exhibit G2**.
 - c) Narrative description of the applicant's plan(s) for achieving the projected cash flow amounts set forth in the statement of projected cash flows above as **Exhibit G3**.
 - d) Commitment letters, letters of intent, etc. from lenders and investors to provide funds through the first 12 months of operations as **Exhibit G4**.

EXPERIENCE AND MANAGERIAL CAPABILITY

9. a. Please list all states in which the Applicant or any of its affiliates have been authorized to operate and the name under which authority is held, and describe the services offered in those states.

See attached schedule

- b. Please list all states in which the Applicant or any of its affiliates have been denied authority to operate, and the name under which authority was held or requested, and explain the reason for such denial.

None

- c. Please list all instances in which the Applicant has been penalized for slamming, cramming or providing inadequate service and explain each instance.

None

- d. If the Applicant is a newly created entity, list the experience of each principal officer, manager, or managing partner and provide other documentation in order to show that person's managerial and technical ability to provide services. Mark this documentation as **Exhibit H**.

PROPOSED SERVICE

10. Please described the proposed geographic area or areas to be served.

Statewide as authorized by the Commission

11. Please state the types of local exchange and exchange access services to be provided.
At present, PTC has no plans to provide basic local exchange service
or local exchange service. PTC will provide Exchange Access
services via special access service offerings.
-

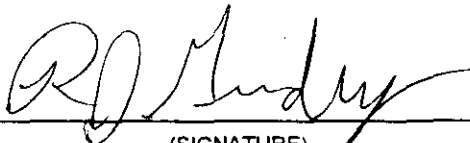
COMPLIANCE

12. Yes No In accordance with Commission Rule R17-2((b)(7), has the application been served on each of the LECs that provide local exchange service in North Carolina?
- 13 In accordance with Commission Rule R17-2(f), is the Applicant willing, either directly or through arrangements with other carriers, to provide as a condition to certification:
- a) Yes No Access to emergency service and access to services for the hearing and speech impaired?
- b) Yes No Access to local and long distance directory assistance and provision of local telephone directories to end-users?
- c) Yes No Access to operator services?
- d) Yes No Access to all standard dialing patterns to all interLATA and intraLATA long distance carriers, including 1+ and 0+ access to the customer's carrier of choice for interLATA and intraLATA long distance calls, using a full 2-PIC methodology, as further described in 47 CFR 51.209 and Commission Rule R17-7?
- e) Yes No Compliance with basic service standards as defined in any applicable rules and decisions of the Commission?
- f) Yes No Free blocking of 900- and 976-type services and other pay-per-call services, including but not limited to calls to 700 and 800 numbers, for which charges are made by the service provider and billed by the Applicant?

- g) Yes No Free per-call and per-line blocking in accordance with the Orders of the Commission applicable to LECs, and to advise subscribers by insert or direct mailing of the availability of these free features at least once per year?
- h) Yes No Number portability where technically and economically feasible?
14. Yes No Does the Applicant intend to offer prepaid local exchange service as defined by the Commission in R17-1, either now or in the future? If yes, please answer questions 14(a) through 14(b).
- a) Yes No Does the Applicant understand and agree to the terms and conditions specified in Commission Rule R17-6 in the provision of prepaid local exchange service?
- b) Yes No Does the Applicant understand that the exemption from a portion of the requirements of Commission Rule R17-2(f) would apply only in the provision of prepaid local exchange service(s), and that the Applicant must abide by all parts of Commission Rule R17-2(f) in the provision of any other basic local exchange service(s)?
15. Yes No Does the Applicant agree to abide by all applicable statutes, and all applicable Orders, rules and regulations entered and adopted by the North Carolina Utilities Commission?
16. Yes No Does the Applicant plan to employ agents of any type, including independent sales agents, in offering its intrastate services? If yes, please answer questions 16(a) and 16(b).
- a) Yes No Does the Applicant understand that its agents must make it clear to prospective customers that they are only marketing the Applicant's services rather than offering service themselves?
- b) Yes No Does the Applicant understand it is responsible for ensuring that its agents comply with the Commission's rules and regulations?
17. Yes No Does the Applicant agree to provide support for universal service in a manner determined by the Commission?
18. Yes No Does the Applicant understand and agree to abide by Commission Rule R9-8 and Commission Rules R12-1 through R12-9?

19. Yes [] No [] Does the Applicant agree to maintain its books of account in accordance with Generally Accepted Accounting Principles (GAAP)?
20. Yes [] No [] Does the Applicant agree to file by the 15th day of each month a report with the Chief Clerk of the North Carolina Utilities Commission reflecting the total number of local access lines subscribed to at the end of the preceding month, listing separately for business and residential service, the number of local access lines that are providing prepaid local exchange service and the number of lines providing traditional local exchange telephone service in each respective geographic area that the Applicant serves?
21. Yes [] No [] Does the Applicant agree to participate in the telecommunications relay service in accordance with G.S. 62-157 and applicable orders, rules and regulations entered and adopted by the Commission?
22. Yes [] No [] Does the Applicant agree to be subject to the provisions of Chapter 62A of the General Statutes, the Public Safety Telephone Act, regarding emergency 911 service, applicable to service providers?
23. Yes [] No [] Does the Applicant understand and agree to abide by all applicable provisions adopted by the Commission for disconnection, partial payments, global toll denial, nonregulated charges, 900 and similar charges, treatment of stale debts, and disconnect notices and billing statements, as set forth in Commission Rule R12-17?
24. Yes [] No [] Does the Applicant agree to offer billing services for intrastate long distance calls only to long distance carriers certified by the Commission or to clearinghouses acting on behalf of certified long distance carriers? Please note that the name of the service provider shall be clearly stated on each page of the bill, and a contact telephone number for questions on the service shall appear on the bill. If billing is done through a clearinghouse, the name of the clearinghouse shall also appear on each page of the bill.
25. Yes [] No [] Will the Applicant give a notice by bill insert or direct mailing to all affected customers at least 14 days before any public utility rates are increased and before any public utility service offering is discontinued? Please note that notice of a rate increase shall include, at a minimum, the effective date of the rate change, the existing rates and the new rates.

26. Yes [] No [] Does the Applicant agree not to apply usage charges and per-call rates for switched local exchange services unless the call is answered? Please note that timing of a call shall not begin until the call is answered and shall end when either the calling party or the answering party disconnects.
27. Yes [] No [] Does the Applicant intend to offer pay telephone service? If so, please note that the provisions of Commission Rule R13, with the exception of Commission Rule R13-3(a), (b) and (c), shall apply to the offering of pay telephone service by a CLP. A CLP has the authority by virtue of its CLP certificate to offer both non-automated collect and automated collect service under the provisions of Commission Rule R13. When the term COCOT or PSP Certificate Number is referred to in Commission Rule R13, the docket number in which the CLP was certified shall be utilized, and when the term COCOT certificate, PSP certificate, or certificate, is referred to in Commission Rule R13, the CLP certificate shall be used.
28. Yes [] No [] Does the Applicant agree to be responsible for payment of the regulatory fee in accordance with G.S. 62-302 and Commission Rule R15?
29. Yes [] No [] Does the Applicant agree to notify the Commission, of any change in its (1) address, either physical or mailing, (2) Commission contacts, or (3) name under which the Applicant does business (d/b/a) within thirty (30) days of the effective date of any such change by mailing a notice of such change to the address shown on page 1 of this application?



 (SIGNATURE)

President & CEO

 (TITLE)

Ronald S. Mudry

 (NAME - PRINTED OR TYPED)

3/12/2002

 (DATE)

VERIFICATION

STATE OF Florida COUNTY OF Pinellas

Ronald J. Mudge, personally appeared before me this day and, being first duly sworn, says that the facts stated in the foregoing application and any exhibits, documents, and statements thereto attached are true as he or she believes.

WITNESS my hand and notarial seal, this 12th day of March, 2002.

My Commission Expires: _____

Carole L. Cornelius
Signature of Notary Public



Carole L. Cornelius
MY COMMISSION # CC952714 EXPIRES
December 30, 2002
BONDED THRU TROY FAIR INSURANCE, INC.

Carole L. Cornelius
Name of Notary Public - Typed or Printed

Note to Notary: See verification requirements under "Completing the CLP Application" on the next page.

Exhibit A
Articles of Incorporation

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CHIEF CLERK
N.C. UTILITIES COMMISSION

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CHIEF CLERK
N.C. UTILITIES COMMISSION

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of PROGRESS TELECOM CORPORATION, a Florida corporation, filed on December 21, 2001, as shown by the records of this office.

The document number of this corporation is P01000120903.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Twenty-sixth day of December, 2001



CR2EO22 (1-99)

Katherine Harris
Katherine Harris
Secretary of State

**ARTICLES OF INCORPORATION
OF
PROGRESS TELECOM CORPORATION**

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SECRETARY OF STATE
TALLAHASSEE FLORIDA

ARTICLE I - NAME

The name of the corporation is Progress Telecom Corporation (hereinafter called the Corporation”).

ARTICLE II - INITIAL PRINCIPAL OFFICE

The street address of the initial principal office and mailing address of the Corporation is 263 Thirteenth Avenue South, St. Petersburg, Florida 33701.

ARTICLE III - PURPOSE

The Corporation is organized for the purpose of transacting any or all lawful business for corporations organized under the Florida Business Corporation Act.

ARTICLE IV - CAPITAL STOCK

The aggregate number of shares which the Corporation shall have the authority to issue is 1,000 shares of Common Stock, no par value.

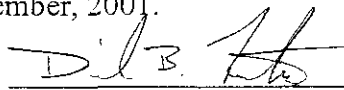
ARTICLE VI - INITIAL REGISTERED AGENT AND OFFICE

The name of the Corporation’s initial registered agent is Suzanne C. Goodwin. The street address of the initial registered office of the Corporation is Legal Department, Progress Energy Service Company, LLC, 100 Central Avenue, MAC: CX1D, St. Petersburg, Florida 33701.

ARTICLE VII - INCORPORATOR

The name and address of the incorporator is David B. Fountain, Legal Department, Progress Energy Service Company, LLC, 410 S. Wilmington Street, Raleigh, North Carolina 27601.

IN WITNESS WHEREOF, the undersigned Incorporator has executed these Articles of Incorporation this 17th day of December, 2001.



David B. Fountain, Incorporator

CERTIFICATE DESIGNATING THE ADDRESS
AND AN AGENT UPON WHOM PROCESS MAY BE SERVED


W I T N E S S E T H:

That Progress Telecom Corporation, desiring to organize under the laws of the State of Florida, has named Suzanne C. Goodwin, located at Legal Department, Progress Energy Service Company, LLC, 100 Central Avenue, MAC: CX1D, St. Petersburg, Florida 33701 as its agent to accept service of process within this state.

ACKNOWLEDGMENT:

Having been named to accept service of process for the above-stated corporation, at the place designated in this certificate, I hereby agree to act in this capacity, and I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with, and accept the duties and obligations of a registered agent outlined in Section 607.0505, Florida Statutes.

Dated this 20th day of December, 2001.


Suzanne C. Goodwin
Registered Agent

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01 DEC 21 AM 10:20
SECRETARY OF STATE
TALLAHASSEE FLORIDA

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CHIEF CLERK
N.C. UTILITIES COMMISSION

Exhibit B

Directors, Stockholders and Officers

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CHIEF CLERK
N.C. UTILITIES COMMISSION

Progress Telecom Corporation

Directors

William Cavanaugh III	411 Fayetteville Street Raleigh, NC 27601
William D. Johnson	411 Fayetteville Street Raleigh, NC 27601
Robert B. McGehee	411 Fayetteville Street Raleigh, NC 27601
Ronald J. Mudry	263 13 th Avenue South St. Petersburg, FL 3370
Peter M. Scott III	411 Fayetteville Street Raleigh, NC 27601

Principal Stockholders

Progress Telecommunications	60 shares
Caronet, Inc.	40 shares

Officers

William Cavanaugh III	Chairman	411 Fayetteville Street Raleigh, NC 27601
Ronald J. Mudry	President	263 13 th Avenue South St. Petersburg, FL 33701
Frank A. Schiller	Secretary	411 Fayetteville Street Raleigh, NC 27601
Arthur J. Alden	Vice President	263 13 th Avenue South St. Petersburg, FL 33701
Frank L. Dame	Vice President	263 13 th Avenue South St. Petersburg, FL 33701
Jeffrey H. Foster	Vice President	263 13 th Avenue South St. Petersburg, FL 33701
Timothy R. Johnson	Vice President	263 13 th Avenue South St. Petersburg, FL 33701
Terry Kelsey	Vice President	263 13 th Avenue South St. Petersburg, FL 33701

Elizabeth A. Walker	Vice President	263 13 th Avenue South St. Petersburg, FL 33701
Thomas R. Sullivan	Treasurer	411 Fayetteville Street Raleigh, NC 27601
Robert M. Williams	Assistant Secretary	411 Fayetteville Street Raleigh, NC 27601
Belisa M. Oliveira	Assistant Secretary	263 13 th Avenue South St. Petersburg, FL 33701

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CHIEF CLERK
N.C. UTILITIES COMMISSION

Exhibit C

Certificate of Authority

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N.C. UTILITIES COMMISSION



NORTH CAROLINA

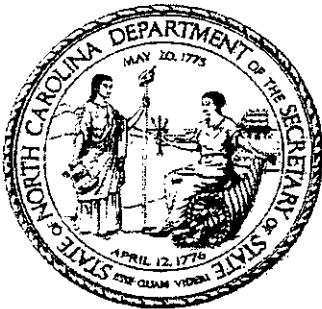
Department of The Secretary of State

CERTIFICATE OF AUTHORITY

I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify that

PROGRESS TELECOM CORPORATION

having filed on this date an application conforming to the requirements of the General Statutes of North Carolina, a copy of which is hereto attached, is hereby granted authority to transact business in the State of North Carolina.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this 28th day of January, 2002

Elaine F. Marshall

Secretary of State

State of North Carolina
Department of the Secretary of State

22 025 9009

APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to §55-15-03 of the General Statutes of North Carolina, the undersigned corporation hereby applies for a Certificate of Authority to transact business in the State of North Carolina, and for that purpose submits the following:

1. The name of the corporation is Progress Telecom Corporation; and if the corporate name is unavailable for use in the State of North Carolina, the name the corporation wishes to use is:

2. The state or country under whose laws the corporation was organized is: Florida

3. The date of incorporation was December 21, 2001; its period of duration is: perpetual

4. Principal office information: (Select either a or b.)

a. The corporation has a principal office.

The street address and county of the principal office of the corporation is:

Number and Street 263 13th Avenue South

City, State, Zip Code St. Petersburg, FL 33701 County Pinellas

The mailing address, if different from the street address, of the principal office of the corporation is:

b. The corporation does not have a principal office.

5. The street address and county of the registered office in the State of North Carolina is:

Number and Street 411 Fayetteville Street, PEB 1240

City, State, Zip Code Raleigh, NC 27601 County Wake

6. The mailing address, if different from the street address, of the registered office in the State of North Carolina is:

7. The name of the registered agent in the State of North Carolina is: William D. Johnson

8. The names, titles, and usual business addresses of the current officers of the corporation are (attach if necessary):

Name

Title

Business Address

Please see attached list

APPLICATION FOR CERTIFICATE OF AUTHORITY

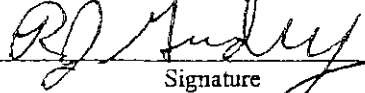
Page 2

9. Attached is a Certificate of Existence (or document of similar import) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country of incorporation. *The Certificate of Existence must be an original and less than six months old.*
10. If the corporation is required to use a fictitious name in order to transact business in this State, a copy of the resolution of its board of directors, certified by its secretary, adopting the fictitious name is attached.
11. This application will be effective upon filing, unless a delayed date and/or time is specified:

This is the 23rd day of January, 2002

Progress Telecom Corporation

Name of Corporation



Signature

Ronald J. Mudry, President

Progress Telecom Corporation

Officers

Ronald J. Mudry	President	263 13 th Avenue South St. Petersburg, FL 33701
Frank A. Schiller	Secretary	411 Fayetteville St., PEB 17B2 Raleigh, NC 27601
Arthur J. Alden	Vice President	263 13 th Avenue South St. Petersburg, FL 33701
Thomas R. Sullivan	Treasurer	411 Fayetteville St., PEB 19A3 Raleigh, NC 27601
Robert M. Williams	Assistant Secretary	411 Fayetteville St., PEB 17B2 Raleigh, NC 27601
Belisa M. Oliveira	Assistant Secretary	263 13 th Avenue South St. Petersburg, FL 33701

State of Florida



Department of State

I certify from the records of this office that PROGRESS TELECOM CORPORATION, is a corporation organized under the laws of the State of Florida, filed on December 21, 2001.

The document number of this corporation is P01000120903.

I further certify that said corporation has paid all fees due this office through December 31, 2001, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Eleventh day of January, 2002



CR2EO22 (1-99)

Katherine Harris

Katherine Harris
Secretary of State

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CHIEF CLERK
N.C. UTILITIES COMMISSION

Exhibit D

**Affiliation with
Other Telecommunication
Companies**

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Affiliation with Other Telecommunication Companies

Progress Telecom Corporation is owned by two telecommunications companies:

Progress Telecommunications Corporation

Caronet, Inc.

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Exhibit E

Organizational Chart

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PROGRESS ENERGY INC. CORPORATE LEGAL ENTITY STRUCTURE

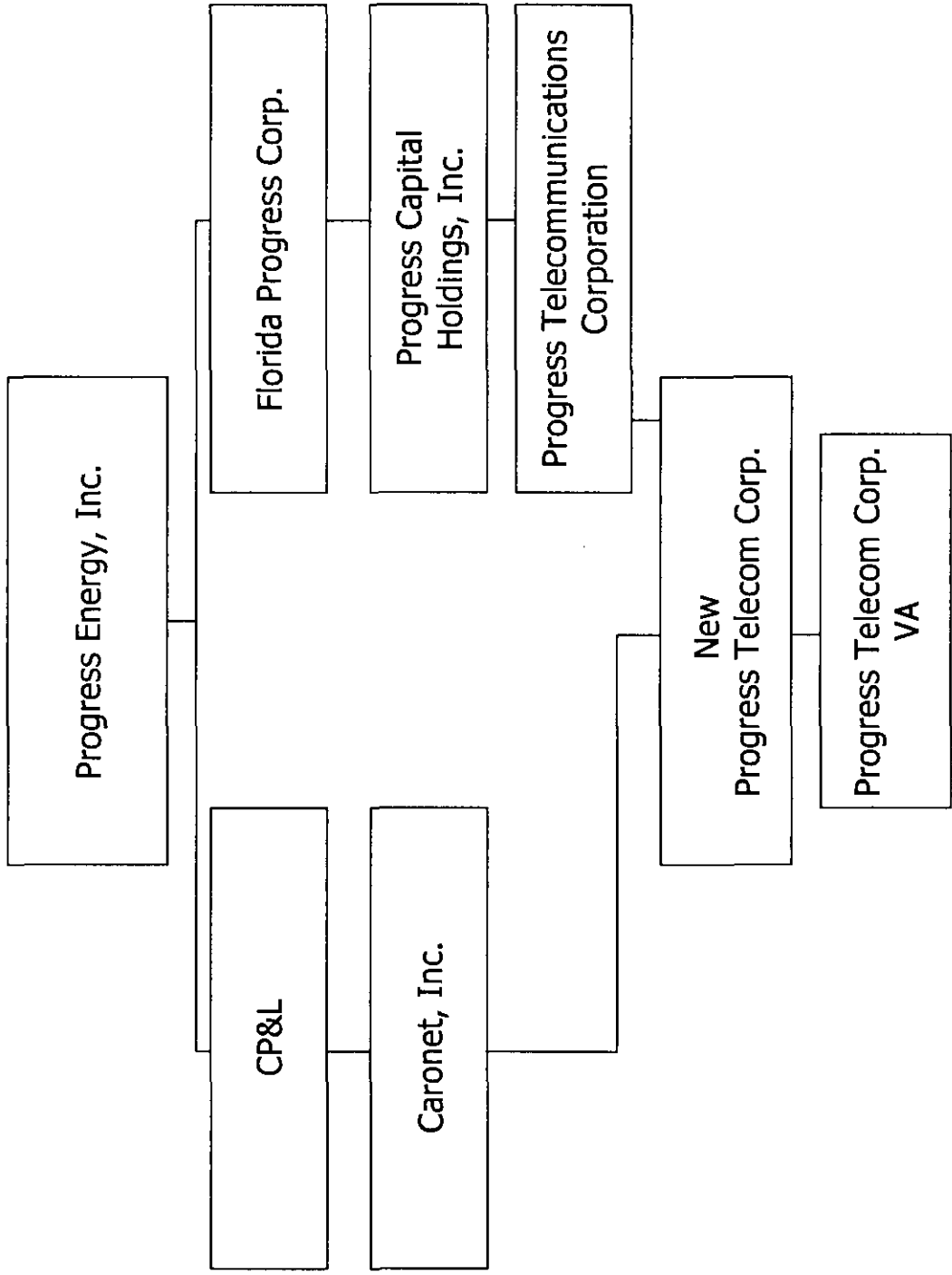


Exhibit F

**Income Statements and
Balance Sheets**

An unredacted copy of this confidential information is contained
in a sealed envelope stamped "Confidential".

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Exhibit H

**Managerial and Technical
Qualifications**

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EXECUTIVE BIOS

Ronald J. Mudry President and CEO

As President and CEO of Progress Telecom, Ron Mudry has drawn on his 15+ years of cross-functional experience in the telecommunications industry to grow Progress Telecom from a start-up operation into a super regional wholesale carrier with a global reach. Today, Progress Telecom provides world-class broadband services in first, second and third tier cities throughout the Eastern United States. Additionally, Progress Telecom has been a leader in establishing International gateway access for telecom traffic traveling in and out of Latin America.

Prior to launching Progress Telecom, Ron held a variety of management positions at GTE Corporation ranging from finance, sales and marketing, international, strategic planning, and mergers & acquisitions. As assistant vice president of corporate development at GTE, he directed domestic and international business units in the execution of transactions that included acquisitions, joint ventures, strategic alliances and divestitures. While managing the International Treasury division, he was responsible for the development and implementation of financing strategies, which supported GTE's international expansion.

While under Ron's leadership, Progress Telecom has experienced substantial growth in the marketplace. Over the past three years, the company has grown its staff from one to over 250 employees, with annual revenues rapidly approaching \$100 million. With the help of his workforce, Ron led the expansion of services provided by Progress Telecom as well as the clientele. Progress Telecom's network currently covers 64% of the population in the Southeast and reaches seven of the top 25 fastest growing metropolitan areas. Additionally, Progress Telecom has developed a unique wireless infrastructure business, designed to allow service providers to deliver fast, reliable coverage.

Education

M.B.A., University of Tampa, Tampa, Florida, 1990
B.B.A., University of Michigan, Ann Arbor, Michigan, 1983



Ronald J. Mudry

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EXECUTIVE BIOS

Terry L. Kelsey **Vice President- Information Technology and CIO**

With more than 18 years of information management and technology experience, Terry Kelsey was appointed Vice President of Information Technology and Chief Information Officer for Progress Telecom in April, 2001.

In her previous position, Terry served as Vice President of Information Services-Florida at Florida Power Corporation. In that position, she was responsible for the overall leadership of the information technology services function including IS development, desktop computing, server support and asset management. She was also responsible for the management of the Progress Energy IT/telecommunications help desk.

Prior to joining Florida Power Corporation, Terry held a variety of management positions for TECO Energy companies. She served as Manager of Product Development at TECO Technologies, Inc., before serving as Manager of IT Systems, Director of IT Systems Development and Director of Customer Services for Tampa Electric Company, (TECO). After being appointed Director of IT Systems Development in 1991, she and her staff of over 100 persons were instrumental in planning, designing and implementing corporate, transmission, financial and customer information systems.

While serving as Director of Customer Services, she was also successful in implementing desktop technology throughout the organization's customer service division, enabling the company to better serve the public.

Education
MBA, Florida Institute of Technology, Tampa, Florida, 1992
A.S., Hillsborough Community College, Tampa, Florida, 1982
B.A., University of South Florida, Tampa, Florida, 1975



Terry L. Kelsey

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EXECUTIVE BIOS

Frank L. Dame **Vice President of Sales and Marketing**

Over 26 years of experience as a key marketing, sales, finance and management executive are just some of the reasons Frank L. Dame was chosen to become the vice-president of sales and marketing for Progress Telecom.

Prior to joining the Progress Telecom team, Frank served as vice president and general manager of Verizon Credit, Inc. Prior to the Bell Atlantic merger forming Verizon, he held the position of president of GTE Leasing Corporation. There, he managed assets in excess of \$500 million and was responsible for all of the company's domestic and international business interests. Frank held previous senior level positions with GTE Leasing as vice president of sales and marketing and director of marketing.

At Progress Telecom, Frank strategically plans, manages and directs all corporate sales and marketing activities to position the company for future growth and as a leading carrier's carrier in the telecommunications industry. Frank has been an active member of the community with membership in numerous professional organizations including the Tampa Chamber of Commerce, Tampa Bay Society and the Equipment Leasing Association of America (ELA). He is an active member of Sales and Marketing Executives of Tampa Bay, where he was a past vice president and served on its board of directors.

Education

AA, Seminole Community College, Sanford, Florida, 1972
BS, University of Central Florida, Orlando, Florida, 1974

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Frank L. Dame

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EXECUTIVE BIOS

Jeffrey H. Foster Vice President Finance and Controller

With more than 15 years of financial accomplishments, Jeffrey H. Foster has extensive professional experience in publicly traded corporate and Big Six settings such as Florida Progress Corporation, GTE Corporation and Arthur Andersen. Currently he is vice president of finance and controller for Progress Telecom, a preferred provider of telecommunications services throughout the Southeast. Additionally, Jeff is a member of Progress Energy's financial leadership team.

Prior to joining Progress Telecom, Jeff was director of energy supply finance at Florida Progress Corporation. There, he led a 30-person team and was responsible for the renegotiation of purchased power contracts, resulting in significant savings to the company and its customers.

Over a period of seven years, Jeff held a variety of positions at GTE Corporation including manager of lease accounting and taxes, director of financial reporting and director of SAP implementation. He played an integral role on a five-person team that developed and issued \$1 billion of a new type of security, MIPS, a mixture of a debt and equity offered through limited partnerships. This security program resulted in GTE obtaining innovative low cost equity and improved ratings for senior secured debt. Jeff also directed a team responsible for the implementation of the integrated SAP software purchase at GTE Wireless.

As an audit manager at Arthur Andersen, Jeff was responsible for billings in excess of \$5 million, simultaneous management of numerous engagements, client relationships and a number of other critical practice functions.

Education

Masters of Accountancy, University of South Florida, 1985

B.S. in Accounting with High Honors, University of Florida, 1984

Passed C.P.A Exam and received state High Grade Award for Florida and the national Elijah Watt Sells Award

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Jeffrey H. Foster

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EXECUTIVE BIOS

Elizabeth A. Walker
Vice President of Customer Service Delivery and Network Operations

With more than 25 years of experience in the telecommunications industry, Elizabeth Walker is a seasoned professional. Currently, Elizabeth directs customer service delivery and network operations at Progress Telecom, a preferred provider of telecommunications services throughout the Southeast.

Prior to joining Progress Telecom, Elizabeth was a Senior Consultant for local service at MCI. In this position, she was responsible for developing and directing the installation of Local Service Networks & Switches as well as management of the Alpha Test Team, which was responsible for certifying the first 25 cities for local service delivery. During the merger of MCI/WorldCom, she was a member of the team that designed an integration strategy for local number portability, providing a solution for MCI's acquisition of the local market.

At Bell Canada, Elizabeth held a number of positions including Tier "C" Manager of Local Service where she managed a \$150 million budget. As Senior Project Manager of the Energy and Education division, Elizabeth controlled a \$10 million budget and was key to the installation of the largest Nortel Voice system in North America which included installation of a DMS 100 to support ISDN/PRI applications, Option 81 digital PBXs with voice mail and a joint dialing plan for 10,000 users. She was also key to designing and installing a fiber network between Bruce and Pickering, the two nuclear stations in Ontario, Canada.

Education

Management and technical courses, Bell Canada, Toronto, Ontario, Canada, 1974-1995
Human resources, George Brown College, Toronto, Ontario, Canada, 1991
Memorial University of Newfoundland, St. John's, Newfoundland, Canada, 1966-1968



Elizabeth A. Walker

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EXECUTIVE BIOS

Arthur J. Alden Vice President, Strategic Planning & Corporate Services

With more than more than 20 years of successful strategic planning, business development and management experience in the data communications and high-technology industry, Arthur J. Alden holds the position of Vice President, Strategic Planning and Corporate Services for Progress Telecom, a preferred provider of telecommunications services throughout the Southeast.

Art came to Progress Telecom from General Dynamics where he was the Vice President of Business Development for the newly acquired telecommunications segment of General Dynamics. He was responsible for formulating the transition of the company from a company delivering telephony infrastructure services to the federal marketplace, into a high growth, end-to-end network solutions company expanding it's market reach into the commercial enterprise, broadband wireline and wireless carrier segments. Over the two year period, revenues increased from approximately \$550 to \$750 million with a three fold increase in commercial business.

Prior to that, Art held various management positions with BBN Technologies, one of the pioneering companies in the data communications arena. He began as a program manager where he was responsible for design, installation, maintenance and operations of X.25 data networks for several government organizations. After the acquisition of BBN by GTE, Art became the Vice President and General Manager of Wireless Data Networks for GTE Internetworking. Under his direction revenues grew 160 percent and the number of employees grew from 15 to over 200 for that segment of the business.

While serving in the US Army, Art held various command and staff positions as an Infantry Officer including an Assistant Professor of Mathematics at the US Military Academy.

Education

MBA, Long Island University, 1980
MS Mathematics, Rensselaer Polytechnic Institute, 1977
MS Operations Research and Statistics, Rensselaer Polytechnic Institute, 1977
BS Engineering, United States Military Academy, 1970



Arthur J. Alden

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EXECUTIVE BIOS

Tim Johnson **Vice President, Network Engineering & Implementation**

With more than 13 years of successful senior level management experience with telecommunications and Internet companies, Tim Johnson was appointed Vice President, Network Engineering and Implementation at Progress Telecom. In this position, Tim oversees the direct engineering design for broadband networks and implements network expansions. Tim uses his expertise in hands-on leadership and corporate development to create new teams, processes and procedures.

Prior to joining Progress Telecom, Tim served as the Director of Access Networks for UUNET where he developed and implemented an Access Infrastructure for the UUNET IP Network, along with more than 150 SONET rings in only 12 months.

During his 15 year tenure with CompuServe Network Services Tim held a variety of management positions including Director of Network Engineering. In that role he was responsible for the design and implementation of CompuServe's frame relay, X.25, ATM & IP networks. Tim also has more than 9 years of experience in the Field Service area where he was responsible for the direction and management of 100+ Field Service Engineers who maintained the CompuServe networks.

Tim holds numerous technical certifications including: StrataCom Networking, Point of Sale Technologies, X.25, SONET, and Modem Technologies. In addition, he has completed a customized two-year Dale Carnegie Leadership Development Program as well as other management-level training courses.

Education
Devry Institute of Technology, 1982

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EXECUTIVE BIOS

J. Wesley Bailey Director of Legal and Business Affairs

Wes Bailey served as legal counsel in a core team of four employees who founded Progress Telecom in 1998 from what had previously been a small department within its Fortune 250 electric utility affiliate, Florida Power Corporation. His leadership efforts were duly recognized with the CEO's Founders Award. He became General Counsel of this major Southeast carrier's carrier that provides wholesale fiber-optic services to other telecom companies. Currently, Wes serves as Director of Legal and Business Affairs responsible for managing the company's legal services, business transactions, property, regulatory and government affairs and contract management.

Before his work founding Progress Telecom, Wes held the position of Corporate Counsel with Florida Power's in-house legal department. His responsibilities included advising the public utility with regard to the implementation of Section 224 of the Telecommunications Act of 1996, which governs telecommunications and cable attachments to utility infrastructure. Wes also provided counsel to Florida Power's regulated retail electric division during its first forays into successful unregulated retail products and services. In addition, Wes managed Florida Power's intellectual property matters as well as a variety of transactional issues. He received Florida Power's Presidents Award for his lead role in Florida Power's Y2K legal effort.

Wes is a graduate of Georgetown University's School of Foreign Service, with a major in international economics. He is fluent in French, having lived and studied in Europe for a number of years. Wes served as Assistant Treasurer in the International sales division of Bankers Trust Company in New York. He received his law degree from the University of Florida College of Law with a concentration on corporate and international law. Wes was a member of the University of Florida Journal of International Law, which published his note on international trade protection laws. Wes put his corporate background and legal training to use upon joining the Florida Power legal department in 1994.

Education

JD, University of Florida College of Law, Gainesville, Florida, 1993
BSFS, Georgetown University, School of Foreign Service, Washington, DC, 1986



J. Wesley Bailey

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Schedule 9(a)

Certifications Held by Progress Telecommunications Corp and Caronet, Inc.

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Certifications Held by Progress Telecommunications Corporation and Caronet, Inc.

<u>STATE</u>	<u>CERTIFICATE TYPE</u>
Florida (PTC) (Caronet)	AAV (Alternate Access Provider) ALEC (Alternate Local Exchange Carrier) IXC (Interexchange Carrier) ALEC (Alternate Local Exchange Carrier)
Georgia (Caronet)	CLEC (Competitive Local Exchange Carrier) Authority to Construct Telephone Line (comparable to IXC)
South Carolina (Caronet)	Carrier's Carrier IXC CLEC
North Carolina (Caronet)	CLP (Competitive Local Exchange Provider) IXC
Tennessee (Caronet)	CLEC IXC
Virginia (Caronet)	CLEC IXC