

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI**

IN RE:)
APPLICATION OF)
THE FREE NETWORK, LLC)
FOR APPROVAL TO TRANSFER) Case No. _____
CERTAIN ASSETS TO)
LIGHTYEAR COMMUNICATIONS, INC.)

APPLICATION FOR AUTHORITY TO TRANSFER ASSETS

COME NOW The Free Network, LLC. ("TFN" or "Seller") and Lightyear Communications, Inc. ("Lightyear" or "Buyer") (jointly "Applicants"), pursuant to Section 392.300 RSMo. 2000 and 4 CSR 240-3.520, hereby respectfully request Missouri Public Service Commission ("Commission") authority to effect an acquisition and transfer of certain assets currently owned by TFN to Lightyear. Applicants seek such Commission authority to enable Lightyear to begin serving TFN subscribers in Missouri immediately upon a grant of the instant Application. TFN does not seek a transfer or cancellation of TFN's Certificate of Service Authority. In support of this Application, Applicants state as follows:

I. IDENTIFICATION OF APPLICANTS

1. The full legal name, address, telephone number and facsimile number of Applicants are:

THE FREE NETWORK, LLC
1607 E. Big Beaver Road, Suite 105
Troy, Michigan 48083

Telephone: (248) 526-1000
Facsimile: (248) 526-1001

- and -

LIGHTYEAR COMMUNICATIONS, INC.
1901 Eastpoint Parkway
Louisville, KY 40223

Telephone: (502) 244-6666
Facsimile: (502) 515-4138

Communications concerning this Application should be directed to:

James M. Fischer, Esq.
FISCHER & DORITY, P.C.
101 Madison Street, Suite 400
Jefferson City, Missouri 65101

Telephone: (573) 636-6758
Facsimile: (573) 636-0383

- and -

Robin Norton, Consultant
TECHNOLOGIES MANAGEMENT, INC.
210 Park Avenue North
Winter Park, Florida 32789

Telephone: (407) 740-8575
Facsimile: (407) 740-0631

II. DESCRIPTION OF APPLICANTS

2. **The Free Network, LLC** The Free Network, LLC. ("TFN") is a non-dominant interexchange telecommunications service provider formed under the laws of the State of Michigan. TFN was granted a Certificate of Service Authority to provide intrastate interexchange telecommunications services in Missouri on April 23, 1999 in Case No. TA-99-333. TFN's managerial, technical and financial ability to provide resold interexchange telecommunications services are a matter of record with the Commission. A copy of TFN's Certificate to Transact Business as a Foreign Corporation was filed in Case No. TA-99-333, and is incorporated herein by reference. TFN seeks to transfer approximately 171 presubscribed customers of its services in Missouri to Lightyear.

3. **Lightyear Communications, Inc.** Lightyear Communications, Inc. ("Lightyear") is a non-dominant interexchange telecommunications service provider formed under the laws of the State of Kentucky on March 3, 1993. Lightyear was granted a Certificate of Service Authority to provide intrastate interexchange telecommunications services in Missouri ("Certificate") under the name of UniDial Incorporated in Case Number TA-94-141 on March 13, 1994. In 1998, the company changed its name to UniDial Communications, Inc. Subsequently, the company changed its name from UniDial to Lightyear Communications, Inc. in Case No. TO-2000-857, effective July 29, 2000¹. Lightyear's Certificate is in good standing with the Missouri Public Service Commission. Lightyear is unaware of any pending customer complaints associated with the Company's provision of service in Missouri. A copy of Lightyear's Certificate to Transact Business as a Foreign Corporation is included with this Petition by reference.

4. TFN and Lightyear have executed an Asset Purchase Agreement, dated March 7, 2003 pursuant to which TFN sold certain assets to Lightyear. This transaction is predicated on applicable regulatory approval.

5. Under the terms of the Asset Purchase Agreement, in exchange for consideration, Lightyear Communications, Inc. will acquire from The Free Network, LLC the customer base, customer related data, databases, and customer records needed to support the provision of interexchange telecommunications services to TFN subscribers. TFN will continue to provide interexchange long distance telecommunications services to all customers affected by this transaction pursuant to TFN's existing tariff until the instant Application is granted by the Commission.

6. Upon the grant of the instant Application, Lightyear Communications, Inc. will assume all managerial, technical and financial responsibilities in connection with the operation of the retail interexchange long distance assets in order to provide interexchange long distance telecommunications services to the affected TFN Customers in Missouri. Lightyear is currently a wholesale provider to TFN; as such, Lightyear's tariff already contains the direct dial and toll-free services, including rates, terms and conditions, subscribed to by TFN's customers. Therefore, no request is made to adopt or otherwise affect TFN's tariff with this filing. Grant of this petition will afford an expeditious, transparent and cost effective transition, and will enable Lightyear and TFN to remain fully compliant with their regulatory obligations. TFN's customers affected by this transaction will continue to receive the same services from Lightyear under the current rates, terms and conditions as they currently enjoy. This transaction is being made in a seamless

¹ *In the matter of the Notification of Name Change of UniDial Communications, Inc. to Lightyear Communications, Inc., Case No. TO-2000-857, Tariff File No. 200001218 (June 29, 2000).*

fashion that will cause no changes in Customers' rates, terms and conditions of service and will be made at no charge to customer as they transition to Lightyear as their presubscribed carrier. There will be no interruption of service and Customers have been appropriately informed of their choices. The transfer of assets from TFN to Lightyear will not result in any interruption or diminution in the quality of service provided to customers in Missouri and will be essentially transparent to such customers.

8. Written notice of the proposed asset transfer was provided to TFN customers via First Class United States mail on or about May 5, 2003 pursuant to Section 64.1120(e), Verification of Orders for Telecommunications Services, as amended, of Federal Communications Commission rules². A copy of the Customer Notification has been attached hereto at Exhibit A.

9. Applicants seek Commission authority for Lightyear to acquire and for TFN to sell and transfer certain state TFN assets to Lightyear, in accordance with the terms of Applicants' Asset Purchase Agreement. The transaction for which authority is sought is exclusively an acquisition of assets and does not involve a merger or consolidation, nor does the transaction require financing. Applicants state that the proposed asset acquisition is intended exclusively to enable Lightyear to provide resold intrastate, interstate and international interexchange telecommunications services to certain TFN subscribers as new Lightyear subscribers.

IV. INAPPLICABILITY OF CARRIER VERIFICATION RULES

10. For the exclusive purpose of this asset transfer, the Applicants request that the Commission rules and/or policies governing verification of telecommunications service provider rules, 4 CSR 240-33.150, *Verification of Orders for Changing Telecommunications Service Provider*, be deemed inapplicable, or alternatively waived. Because the transfer of TFN assets does not constitute a change in TFN subscribers' underlying facilities-based carrier, but rather a transfer of resold service from TFN to the resold services of Lightyear as the resale carrier, a primary interexchange carrier change will not occur. Customers with "PIC freezes" will therefore not be affected by this transfer, and will not be required to seek reinstatement of any "PIC freeze" currently in place. No additional verification associated with Lightyear's acquisition of TFN assets is, therefore, necessary as Lightyear, in effect, takes the place of TFN as the subscribers' resale

² 47 C.F.R. §64.1120(e). *In the Matter of 2000 Biennial Review - Review of Policies and Rules Concerning Unauthorized Changes of Consumers Long Distance Carriers; Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996; Policies and Rules Concerning Unauthorized Changes of Consumers Long Distance Carriers*, CC Docket Nos 00-257, 94-129, *First Report and Order in CC Docket No. 00-257 and Fourth Report and Order in CC Docket No. 94-129*, FCC 01-156 (rel. May 15, 2001).

interexchange carrier. TFN subscriber presubscribed carrier selections were verified at the time TFN subscribers elected TFN as their resale carrier, in accordance with Federal Communications Commission presubscribed carrier verification rules⁷, and Commission rules. A second verification of the customer's presubscribed carrier subscription is unnecessary and will accord subscribers no added protection, while potentially contributing to subscriber confusion.

11. As noted *Supra*, notice of the transaction pursuant to Federal Communications Commission Verification of Orders for Telecommunications Service rule, 47 CFR §61.1120(e), was provided to TFN subscribers via First Class United States mail on or about May 5, 2003. The subscriber notification informs subscribers *inter alia*, of the pending change in service provider, of the fact that no action is required on the subscriber's part, that no cost is to be incurred by the subscriber as a result of the transfer to Lightyear, and that the subscriber may elect an alternative carrier of his or her choosing. A copy of the subscriber notice and letter of compliance with federal Verification of Orders for Telecommunications Services rule, 47 CFR §64.1120(e), is attached hereto as Exhibit A. Such notification virtually eliminates any potential for any unfounded slamming allegations.

V. PUBLIC INTEREST, CONVENIENCE AND NECESSITY

12. Commission approval of TFN's sale to Lightyear of the interexchange long distance telecommunications assets is in the public interest. The infusion of TFN's interexchange long distance telecommunications service assets into Lightyear's existing operations will allow Lightyear to expand its operations and to achieve economies of scale, thus enhancing Lightyear's ability to compete in the Missouri market for telecommunications services. Missouri consumers will benefit from the expanded availability of innovative and economic telecommunications products and service options.

⁷ 47 C.F.R. §64.1100 et seq., Changes in Subscriber Carrier Selections.

VI. NO TAX IMPACT

13. The proposed transfer of assets will have no impact upon the revenues of the political subdivisions in which any structure, facility or equipment of the companies involved are located.

VII. PENDING ACTIONS OR FINAL UNSATISFIED JUDGMENTS

14. TFN states that it has no pending actions or unsatisfied judgments associated with any state or federal agency that involve customer service.

Lightyear has one pending issue scheduled in June before the Nebraska Public Service Commission. Earlier this year, a Lightyear employee inadvertently categorized an order for calling card service as an order for presubscribed service, causing some phone numbers to be switched to Lightyear. Upon its discovery, Lightyear immediately corrected the error, notified the affected companies, and offered to pay for any costs incurred in switching back to their own carrier. One of the companies affected nevertheless filed a complaint with the Nebraska Commission, that company does not wish to settle the issue, and seeks an order from the Nebraska Commission. Lightyear has no other pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of the Application.

VIII. NO OVERDUE ANNUAL REPORTS OR ASSESSMENT FEES

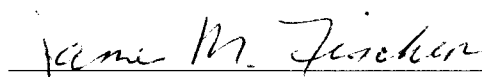
15. The Applicants have no overdue annual reports or assessment fees due in Missouri.

IX. REQUEST FOR WAIVER OF HEARING

16. Inasmuch as time is of the essence, TFN respectfully requests expeditious approval of the Application.

WHEREFORE, Applicants, The Free Network, LLC and Lightyear Communications, Inc. respectfully request the Commission to issue its Order Approving The Free Network, LLC's sale of certain long distance telecommunications service assets, specifically a portion of TFN's customer base to Lightyear Communications, Inc.; waiving the requirements of the Commission rules, as specifically requested herein; and granting such other relief as is reasonable in the circumstances.

Respectfully submitted,



James M. Fischer, Esq. MBN 27543
FISCHER & DORITY, P.C.
101 Madison Street, Suite 400
Jefferson City, Missouri 65101
Telephone: (573) 636-6758
Facsimile: (573) 636-0383
Email: jfischerpc@aol.com

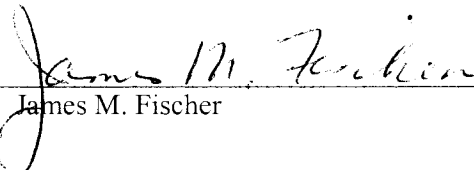
Attorney for Applicants

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, emailed, or mailed, First Class, postage prepaid, this 2nd day of June, 2003, to:

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Dana K. Joyce, General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

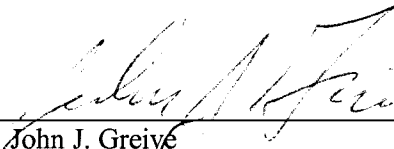


James M. Fischer

VERIFICATION

COMMONWEALTH OF KENTUCKY
COUNTY OF JEFFERSON

I, John J. Greive, being first duly sworn, do hereby certify, depose and state that I am Vice President of Regulatory Affairs and General Counsel for Lightyear Communications, Inc. and that I am authorized to make this verification on behalf of Lightyear Communications, Inc.; that I have read the foregoing Application; and that the facts stated therein are true and correct to the best of my knowledge, information and belief.



John J. Greive
Vice President of Regulatory Affairs and
General Counsel
LIGHTYEAR COMMUNICATIONS, INC.

Subscribed and sworn to before me, a Notary Public, this 15th day of May 2003.



Notary Public

My Commission expires: 7-6-05

VERIFICATION

STATE OF MICHIGAN
COUNTY OF MACOMB

I, Vito Terracciano, being first duly sworn, do hereby certify, depose and state that I am Chief Executive Officer for The Free Network, LLC. and that I am authorized to make this verification on behalf of The Free Network, LLC.; that I have read the foregoing Application; and that the facts stated therein are true and correct to the best of my knowledge, information and belief.

Vito Terracciano

Vito Terracciano
Chief Executive Officer
THE FREE NETWORK, LLC.

Subscribed and sworn to before me, a Notary Public, this 21st day of May 2003.

Annette Davis

Notary Public

My Commission expires:

6/24/06

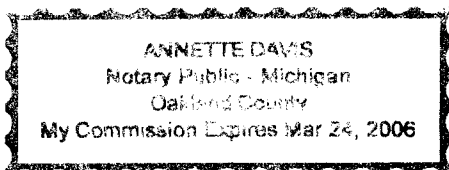


Exhibit A
FCC Notification and Customer Notice



May 8, 2003
Via overnight only

210 N. Park Ave.

Winter Park, FL

32789

P.O. Drawer 200

Winter Park, FL

32790-0200

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, D.C.

Re: CC Docket No. 00-257 --

Transfer of long distance service subscribers from The Free Network, Inc. to
Lightyear Communications, Inc.

Tel: 407-740-8575

Fax: 407-740-0613

tmi@tmiinc.com

Dear Ms. Dortch:

Pursuant to CC Docket No. 00-257 and in accordance with Section 64.1120(e)(1) of the Commission's rules, Lightyear Communications Inc. ("Lightyear") hereby notifies the Commission of its plan to enter into an agreement with The Free Network, LLC ("TFN") whereby Lightyear will acquire certain long distance service subscribers from TFN. These customers currently receive direct dial and toll free long distance services from TFN.

TFN is an authorized interexchange reseller who utilizes MCI as their underlying carrier. TFN is also a wholesale customer of Lightyear, meaning they utilize Lightyear (also a reseller) through Lightyear's underlying carrier who is also MCI.

Pursuant to a Management Agreement executed in March 2003 between Lightyear and TFN, until final regulatory approval is obtained, Lightyear will be billing customers directly on behalf of TFN. As reflected in the customer notification, attached as Attachment "A", affected customers will not experience any other changes with respect to their current services. The proposed transfer will affect approximately 8,000 to 10,000 customers located in 46 states. The proposed date for the customer transfer is August 1, 2003. Once the proposed transaction is consummated, Lightyear will provide direct dial and toll-free long distance services to these customers.

Lightyear hereby certifies that it has complied with the advance subscriber notification requirements set forth in Section 64.1120(e)(3) of the Commission's rules, with the obligations specified in that notice and with Commission requirements that apply to this streamlined process.

Ms. Marlene H. Dortch

May 8, 2003

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Four copies of this letter are also enclosed. A receipt copy is enclosed as well. Please date stamp the receipt copy and return it in the self addressed, stamped envelope provided.

If you have any questions with respect to this letter, please direct them to the undersigned below at (407)-740-3004.

Sincerely,

A handwritten signature in cursive script that reads "Robin Norton".

Robin Norton
Consultant to Lightyear

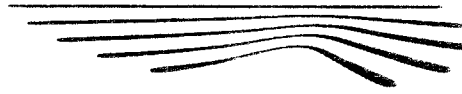
Enclosures

cc: Linda Hunt -- Lightyear
File: Lightyear - FCC IXC
tms: FCC0300x

Attachment A

Customer Notification

LIGHTYEARSM



May 6, 2003

«Customer_Name»
«Address_1»
«Address_2»
«City», «State» «Zip»

Re: Notice of Transfer of Telephone Service

Dear Valued Customer:

We would like to take this opportunity to thank you for being a loyal customer of The Free Network ("TFN") and to update you on some exciting changes that are underway. TFN has partnered with Lightyear Communications Inc. ("Lightyear"), a recognized full service telecommunications leader, to expand on our available services and to ensure our customers are receiving the highest quality customer service and billing available.

This partnership will not impact the high quality and reliability of the service you have come to expect from TFN. You will see a change in the monthly billing statement for long distance services beginning in May or June 2003. The monthly invoice will come from Lightyear/The Free Network, and it will detail your long distance charges from the previous month. Your monthly statement will no longer be a part of your monthly local telephone bill.

In connection with your new monthly statement, if you have chosen to take advantage of TFN's convenient monthly credit card billing, please contact the Lightyear Credit Department to re-establish this service with your new billing. This department may be reached between the hours of 8:00 am – 5:00 pm EDT, Monday – Friday, at 1-800-889-8244, select Option 5, and ask for extension 1050.

Pursuant to FCC Regulations, Lightyear and TFN are required to notify you that if, in the past, you had arranged to have a preferred carrier freeze on your phone line, your freeze will not be affected by this change.

Subject to regulatory approval, the next step will be the transfer of your account to Lightyear as your long distance carrier. This transfer should be complete on or about August 1, 2003. Lightyear and TFN will take all necessary steps to ensure that your telephone service is transitioned without any service interruption or inconvenience to you. There will be no change in your long distance rate. However, if you do not wish to receive service from Lightyear, you

should select another carrier and contact that carrier directly to transfer your service by August 2003. You may incur connection fees if you select an alternate provider. If you take no action, your long distance service will be automatically transferred to Lightyear on or about August 1, 2003, and you will not incur any additional fees.

Lightyear and TFN are excited about this new partnership and are confident that it will be to your benefit. Through Lightyear, TFN can now offer you a wide array of products including an all-in-one package that includes your local telephone service and unlimited long distance calls (domestic only) for one low price. For more information on this offering, call one of our friendly Free Network Associates at 1-248-526-1000.

If you have additional questions or would like more information about Lightyear, we invite you to visit the Lightyear website at www.lightyearcom.com or contact our customer care center at 1-877-839-3733. If you would like to speak directly to an associate of The Free Network, please contact us at 1-248-526-1000.

Sincerely,

Vito Terracciano
Chief Executive Officer
The Free Network, L.L.C.

Sincerely,

Edward J. Wampler
Sr. Vice President of Operations
Lightyear Communications Inc.