



KRISTOPHER E. TWOMEY

TELECOM/INTERNET LAW ■ REGULATORY CONSULTING

2006 FEB 27 AM 9:35

February 22, 2006

Via Fedex and Electronic Filing

Docket Office

Tennessee Regulatory Authority

460 James Robertson Parkway

Nashville, TN 37243-0505

Re: Aero Communications, LLC

*Application for Certificate to Provide Competing Local Telecommunications Service  
in Tennessee Docket No. 06-00024*

Dear Sir or Madam:

This letter is in response to the request for further information by Darlene Standley dated February 8, 2006. I have enclosed an original plus four (4) written copies of this letter and have also filed an electronic version. Our responses are:

1. Bond:

Aero has completed and submitted an application for the required bond (the application is attached as Attachment A). We hope to be able to secure the bond and file it with the TRA by the end of the month.

2. Aero's Billing:

This paragraph in the original application is based on a different client's application and is in error. Please accept my apologies. A revised answer to Part IX is attached as Attachment C.

3. Long Distance:

This paragraph in the original application is based on a different client's application and is in error. Please accept my apologies. A revised answer to Part IX is attached as Attachment C.

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4. Aero's Customers:

This paragraph in the original application is based on a different client's application and is in error. Please accept my apologies. A revised answer to Part IX is attached as Attachment C.

5. Financials:

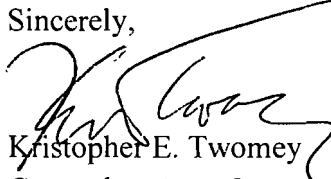
The requested financial information is attached as Attachment B.

6. Notes to Financial Statements:

Aero's profits and losses for the month of December reflect adjustments for year end which are negative. If you take a look at the Balance Sheet included as part of Attachment B, you will see a lease payable (this was taken out in late 2004) which pertains to wireless backbone equipment. This totals around \$90k (Current and L-T portion) at 12/31/05. There is a note payable on a Van that is around \$14k at 12/31/05. Accounts payable at 12/31/05 were \$1.6mm and were retired through a letter of credit taken out in January totaling \$1.2mm. That leaves Aero Communications, LLC with a total debt picture with Gross Equipment at \$5.1mm. Therefore, Aero has a net worth of roughly \$3mm.

Should there be any questions or additional information required, please do not hesitate to contact me at (510) 903-1304. Thank you.

Sincerely,



Kristopher E. Twomey  
Counsel to Aero Communications, LLC

Attachments

## ATTACHMENTS

### EXHIBIT

### DESCRIPTION

A

Bond Application

B

Updated Financials

C

Revised Answer to Part IX

D

Revised Answer to Paragraph 8

## **EXHIBIT A**

### **Bond Application**



## CHECK ONE

- ☐ THE OHIO CASUALTY INSURANCE COMPANY  
☐ WEST AMERICAN INSURANCE COMPANY  
☐ AMERICAN FIRE and CASUALTY COMPANY  
 HAMILTON, OHIO

APPLICATION FOR LICENSE, PERMIT,  
OR MISCELLANEOUS BOND

Agency \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_

1. Name of Applicant Aero Communications, LLC Social Security Number 405Address 1301 Broadway Paducah, KY 420012. Amount of Bond \$ 20,000 Effective Date 3-1-063. To Whom Payable State of Tennessee

Address \_\_\_\_\_

4. Description of Bond Telecommunications Service Provider Surety Bond

5. If this is a License Bond, Date License Expires \_\_\_\_\_

If a Special Bond Form is Required, Attach Bond Form

IF BOND IS OVER \$5,000 OR IS A FINANCIAL GUARANTEE  
 THE FOLLOWING SECTION MUST BE COMPLETED  
 (Financial Guarantees Are Livestock Dealers Bonds, Tax Bonds, Etc.)

6. If applicant is a co-partnership, give names and address of partners.

N/A7. If a corporation, in what state incorporated? Illinois Date of Incorporation 11/19978. Character of business CLEC - Telephone Company Federal I.D. No. 36-43084119. Have you applied to any other surety company for this bond? No If so, give full particulars \_\_\_\_\_

10. If you have furnished a similar bond heretofore, why is new bond desired? \_\_\_\_\_

11. Have you ever been bankrupt or insolvent? No12. Have you ever compromised with your creditors? No

13. References. (Bankers and Merchants preferred):

| NAME                                     | OCCUPATION                | POST OFFICE ADDRESS                            |
|--|---------------------------|--|
| <u>Heritage Bank - Doug Lawson</u>       | <u>Exec. VP - Banking</u> | <u>210 N. 12th St.<br/>Murray, KY 42071</u>    |
| <u>Bankterra Bank - David Hostedberg</u> | <u>" " "</u>              | <u>3201 Bankterra Drive<br/>Mesa, IL 62959</u> |

The applicant and indemnitor(s), if any, agree to pay the Company's usual premium for this bond, in advance, and the same amount annually thereafter, in advance, so long as the bond, or any new bond, or any renewal thereof, or substitute therefor, shall continue in force, and until there shall have been furnished to the Surety competent, written, legal evidence of its discharge and release from any and all liability upon said bond.

As a basis for consideration of this application please complete in detail the following financial statement, specifying as of what date the statement is made:

| ASSETS                                   |              | LIABILITIES                              |              |
|--|--------------|--|--------------|
| Cash on hand (not in bank)               | \$           | Accounts Payable (due in 30 to 60 days)  | \$ 241,000   |
| Cash in following banks:                 |              | Accounts Payable, past due               | \$           |
| <u>Heritage Bank</u>                     | \$ 352,000   | Loans from Banks:                        |              |
| <u>Bank of America</u>                   | \$ 45,000    | When due                                 | How Secured  |
|  | \$           | 11-06                                    | LOC          |
|  | \$           |  | \$ 1,200,000 |
| Government Bonds                         | \$           |  | \$           |
| Other securities (market value):         |              | Notes Payable (not to banks):            |              |
|  | \$           | When due                                 | How Secured  |
|  | \$           | Lease - 7-07                             | Equipment    |
| Accounts Receivable due in 30 to 60 days | \$ 342,000   |  | \$ 65,000    |
| Accounts Receivable, past due            | \$ 27,000    |  | \$           |
| Notes Receivable                         | \$           | Chattel Mortgage (describe):             | \$           |
| Merchandise on hand                      | \$           |  | \$           |
| Real Estate in MY name:                  |              | Mortgages on Real Estate                 |              |
| Description and location                 |              | 1.                                       | \$           |
| 1.                                       | \$           | 2.                                       | \$           |
| 2.                                       | \$           | 3.                                       | \$           |
| 3.                                       | \$           | Other Liabilities (describe)             | \$           |
| Other Assets (describe):                 |              |  | \$           |
| <u>Equipment 4,451,000</u>               | \$           | Capital Stock paid in (if a corporation) | \$ 3,562,167 |
|  | \$           | Surplus or Net Worth                     | \$ 184,838   |
| TOTAL ASSETS                             | \$ 5,255,000 | TOTAL LIABILITIES & CAPITAL              | \$ 5,255,000 |

The undersigned applicant (and indemnitors, if any) hereby request The Ohio Casualty Insurance Company or West American Insurance Company or American Fire and Casualty Company (hereinafter referred to as the Company) to become surety for, and furnish such bond or bonds as may now or hereafter be required by or on behalf of the undersigned applicant (the indemnitors, if any, warranting that they have a substantial, material and beneficial interest in the affairs of the applicant and in the transactions in connection with which such bond(s) are required).

The undersigned applicant (and indemnitors, if any) hereby certify that the statements made in the foregoing application, including the financial statement, are true and are made for the purpose of inducing the Company to execute such bond(s), and the undersigned applicant (and indemnitors, if any), in consideration of the Company executing such bond(s), and for value received, do hereby jointly and severally covenant and agree:

(a) to indemnify and save the Company harmless from and against all liability, claims, losses, costs, damages, suits, charges and expenses of whatsoever kind and nature, including reasonable attorneys fees, which the Company shall at any time sustain or incur, for or by reason or in consequence of the Company having become surety on any such bond(s) or any modification, renewal or continuation thereof, or new bond(s) substituted therefor.

(b) to procure, at the request of the Company, the release and discharge of the Company from any further liability under said bond(s), and should the undersigned fail or refuse to do so, the Company shall have the right to proceed in any manner it may see fit to secure or attempt to secure its discharge, and the undersigned applicant (and indemnitors, if any) waive any and all claims against the Company for damages growing out of such proceedings and agree to reimburse the Company for all expenses, including reasonable attorneys fees, which the Company may incur.

DATED: 2-21-06

Witness (or Attest): \_\_\_\_\_  
 Witness (or Attest): \_\_\_\_\_  
 Witness (or Attest): \_\_\_\_\_  
 Witness (or Attest): \_\_\_\_\_

Applicant Geo Communication, LLC  
 By: Rob Ste - CFO  
 Indemnitor \_\_\_\_\_  
 Indemnitor \_\_\_\_\_  
 Indemnitor \_\_\_\_\_

NOTE: If Applicant or Indemnitor is a corporation, corporate name must be signed in full, with the officer's name and title on the line below, and the seal of the corporation affixed, properly attested. If a co-partnership, firm name must be signed and each member of firm must sign individually

**EXHIBIT B**  
**Updated Financials**

**Heartland Communications Internet Services, Inc.**  
**Balance Sheet**  
**December 31, 2005 - Unaudited**

**ASSETS**

**Current Assets**

|  |            |    |         |
|--|------------|----|---------|
| Cash on Hand                           |            | \$ | 118,075 |
| Certificate of Deposit                 |            |    | -       |
| Investment in Money Market             |            |    |         |
| <b>Total Cash and Cash Equivalents</b> |            | \$ | 118,075 |
| Accounts Receivable - Internet         | \$ 341,950 |    |         |
| Bad Debt Allowance                     | (34,195)   |    | 307,755 |
| Accounts Receivable - Cabs             | -          |    |         |
| Bad Debt Allowance                     | -          |    | -       |
| Employee Receivable                    |            |    | 7,265   |
| Inventory (Resale and PC Repair)       |            |    | 22,311  |
| <b>Total Current Assets</b>            |            | \$ | 455,406 |

**RyBrand Receivable** 1,422

**Plant & Equipment**

|                          |           |           |           |
|--------------------------|-----------|-----------|-----------|
| Construction in Progress | 737,441   |           |           |
| Active Assets            | 3,752,921 |           |           |
| Wireless Equipment       | 467,280   |           |           |
| Stores Equipment         | 34,735    |           |           |
| Inactive Assets          | 79,831    | 5,072,208 |           |
| Accumulated Depreciation |           | (748,252) |           |
| <b>Net Fixed Assets</b>  |           |           | 4,323,956 |

**Shareholder Receivable** -

**TOTAL ASSETS** \$ **4,780,784**

**LIABILITIES AND CAPITAL**

**Short Term Liabilities**

|                                     |              |    |           |
|-------------------------------------|--------------|----|-----------|
| Accounts Payable                    | \$ 1,643,147 |    |           |
| Accounts Payable - RyBrand          | -            |    |           |
| Notes Payable - Current             | 3,708        |    |           |
| Lease Payable - Current             | 40,917       |    |           |
| <b>Total Short Term Liabilities</b> |              | \$ | 1,687,772 |

**Long Term Liabilities**

|                             |        |  |        |
|-----------------------------|--------|--|--------|
| Note Payable - Paducah Bank |        |  |        |
| Note Payable - Banterra     | -      |  |        |
| Lease Payable - Elan        | 50,031 |  |        |
| Note Payable - Ford Van     | 10,343 |  |        |
| <b>Total Long Term Debt</b> |        |  | 60,374 |

**Total Liabilities** 1,748,146

**Intercompany Payable/Receivable**

**Shareholders' Equity**

|                                  |           |  |           |
|----------------------------------|-----------|--|-----------|
| Capital Stock                    | 57,500    |  |           |
| Additional Paid In Capital       | 3,485,000 |  |           |
| Current Earnings                 | (801,247) |  |           |
| Retained Earnings                | 291,385   |  |           |
| <b>Total Shareholder' Equity</b> |           |  | 3,032,638 |

**TOTAL LIABILITIES AND CAPITAL** \$ **4,780,784**



**Heartland Communications Internet Services, Inc./Aero Communications, LLC (Aero South)**  
**Consolidated Results of Operations**  
**Twelve Months Ended 12/31/05**

| ACTUAL RESULTS                 |         |         |         |         |         |         |         |         |         |         |         |          |           |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|-----------|
| Internet Services (HCIS)       | Jan     | Feb     | Mar     | Apr     | May     | Jun     | Jly     | Aug     | Sep     | Oct     | Nov     | Dec      | Total     |
| Dial Up                        | 50,967  | 52,353  | 52,751  | 46,519  | 47,738  | 50,423  | 43,558  | 50,713  | 43,464  | 45,836  | 41,901  | 44,873   | 571,096   |
| ADSL                           | 11,962  | 12,983  | 12,541  | 13,363  | 12,880  | 12,222  | 12,075  | 12,576  | 13,072  | 13,115  | 13,560  | 13,626   | 153,975   |
| Wireless Access                | 1,603   | 2,970   | 4,366   | 4,953   | 6,142   | 6,936   | 7,128   | 7,653   | 8,427   | 8,459   | 9,067   | 9,384    | 77,088    |
| FTTU - PPS                     | -       | -       | -       | 450     | 3,117   | 4,928   | 7,663   | 9,946   | 10,419  | 10,742  | 11,607  | 15,822   | 74,694    |
| BPL                            | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       | -        | -         |
| Dedicated Access               | 18,905  | 20,372  | 21,045  | 19,935  | 19,935  | 25,144  | 20,485  | 23,267  | 21,573  | 16,373  | 18,708  | 18,947   | 244,689   |
| Frame-Relay                    | 4,390   | 4,390   | 4,390   | 4,390   | 4,390   | 4,390   | 4,390   | 4,140   | 4,140   | 4,140   | 3,906   | 3,870    | 50,926    |
| Web Hosting                    | 1,828   | 1,863   | 1,833   | 1,929   | 1,868   | 1,946   | 1,904   | 1,928   | 1,683   | 1,449   | 1,990   | 1,739    | 21,960    |
| PC Repair/Resale               | 652     | 1,372   | 2,420   | 2,330   | 787     | 1,305   | 1,290   | 1,066   | 760     | 640     | 345     | 204      | 13,171    |
| Misc                           | 4,356   | 6,773   | 3,052   | 6,890   | 4,038   | 4,654   | 1,444   | 3,838   | 2,376   | 749     | 213     | 3,885    | 42,268    |
| Web Svc - Tyr                  | 6,301   | 6,077   | 9,577   | 5,847   | 7,945   | 7,477   | 5,600   | 4,205   | 4,505   | 3,425   | 4,847   | 3,842    | 69,648    |
| Activation Fees                |         |         |         |         |         | 3,000   | 1,000   | 2,000   | 2,000   | 3,000   | 2,000   | 8,590    | 21,590    |
| Data Vault                     |         |         |         |         |         |         |         |         |         | 210     |         |          | 210       |
| Discounts                      | (4,609) | (4,705) | (5,176) | (4,823) | (4,818) | (5,167) | (4,509) | (4,791) | (4,714) | (5,411) | (4,952) | (5,543)  | (59,218)  |
| Total Internet                 | 96,355  | 104,448 | 106,799 | 101,783 | 104,022 | 117,258 | 102,028 | 116,541 | 107,705 | 102,727 | 103,192 | 119,239  | 1,282,097 |
| Telephony (Aero)               |         |         |         |         |         |         |         |         |         |         |         |          |           |
| Traditional Service            | 15,735  | 16,128  | 15,404  | 15,450  | 15,342  | 15,233  | 14,596  | 14,651  | 14,523  | 14,527  | 14,424  | 18,224   | 184,237   |
| Traditional Service - reseller | 720     | 720     | 769     | 769     | 770     | 770     | 770     | 769     | 714     | 714     | 545     | 649      | 8,679     |
| VoIP                           | 1,654   | 2,670   | 4,211   | 5,525   | 5,627   | 6,022   | 6,217   | 6,697   | 6,675   | 6,607   | 7,462   | 6,979    | 66,346    |
| VoIP - Reseller*               | 18,945  | 4,465   | 4,827   | 4,865   | 4,970   | 4,983   | 4,594   | 4,766   | 4,289   | 4,145   | 4,287   | 3,941    | 69,077    |
| VoIP - Cable                   | 510     | 550     | 550     | 594     | 538     | 551     | 560     | 654     | 464     | 464     | 454     | 345      | 6,234     |
| Switch Termination/ILECS       | 22,046  | 21,968  | 22,046  | 21,351  | 21,700  | 21,700  | 18,500  | 19,237  | 17,143  | 18,372  | 17,202  | 18,576   | 239,841   |
| CABS Billings                  |         |         |         | 5,336   | 3,533   | 8,349   | 40,000  | 11,739  | -       | -       |         | (68,957) | -         |
| Long distance                  | 1,789   | 3,246   | 4,507   | 4,333   | 5,811   | 1,649   | 5,264   | 2,032   | 2,719   | 2,411   | 1,761   | 1,796    | 37,317    |
| Vertical Features              | 1,546   | 1,218   | 1,574   | 1,240   | 1,397   | 1,040   | 1,027   | 2,336   | 3,882   | 1,609   | 1,559   | 2,285    | 20,713    |
| Activation                     | 879     | 479     | 3,832   | 654     | 1,365   | 40      | 108     | 438     | 298     |         | 238     | 363      | 8,694     |
| Misc                           | 4,460   | 2,037   | 1,885   | 3,376   | 2,047   | 1,424   | 4,237   | 2,103   | -       | 4,179   | 955     | 585      | 27,289    |
| LNP                            |         | 8,870   | 3,545   | 1,310   | 2,307   | 4,543   | 1,925   | 2,215   | 1,019   | 2,165   | 1,009   | 1,049    | 29,957    |
| Discounts                      | (1,697) | (1,833) | (2,069) | (2,065) | (2,384) | (2,200) | (2,112) | (2,086) | (2,031) | (2,107) | (2,084) | (1,873)  | (24,542)  |
| Early Term                     | -       | -       | -       | -       | -       | 658     | -       | -       | 912     | -       | -       | -        | 1,570     |
| Total Telephony                | 66,587  | 60,518  | 61,082  | 62,738  | 63,023  | 64,762  | 95,686  | 65,551  | 50,607  | 53,086  | 47,811  | (16,038) | 675,412   |
| TOTAL REVENUE                  | 162,942 | 164,966 | 167,880 | 164,521 | 167,045 | 182,020 | 197,714 | 182,092 | 158,312 | 155,812 | 151,003 | 103,201  | 1,957,509 |

**ACTUAL RESULTS**

**Cost of Goods Sold**

|                        | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | Total   |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Circuit Charges        | 57,961 | 56,189 | 50,607 | 55,814 | 53,117 | 50,567 | 56,304 | 54,477 | 57,834 | 40,617 | 61,298 | 68,489 | 663,274 |
| PPS - Loop Charge      | 1,340  | 670    | 670    | 4,760  | 670    | 1,966  | 1,452  | 1,627  | 670    | 11,470 | 1,752  | 16,582 | 43,628  |
| Long Distance - Vartec | 2,971  | 1,920  | -      | 3,137  | 1,942  | 2,913  | 3,776  | 3,797  | 4,193  | 4,200  | 4,191  | 4,092  | 37,132  |
| End User COGS          |        |        |        |        |        | 2,429  | 4,714  | 5,152  | 3,495  | 3,532  | 1,513  | 3,820  | 24,655  |
| UNE Resale Cost        |        |        |        |        |        | 4,429  | 4,100  | 4,114  | 4,423  | 234    | 4,432  | 13,713 | 35,445  |
| NECA, Consolidated     | 26     | 1,451  | 1,205  |        | 232    | 3,360  | 1,079  | 2,895  | 3,103  | 156    | 1,832  | 1,714  | 17,053  |
| USF and Relay Fees     | 234    | 234    | 234    |        | 195    | 634    | 220    | 480    | -      | 381    | 234    | 234    | 3,080   |
| Resale/Repair          | 725    | -      | 731    | 1,458  | 540    | 970    | 1,032  | 2,860  | -      | 3,132  | 1,550  | 1,350  | 14,348  |
| Sales Returns          | 448    | 219    | 1,117  | 806    | 232    | 221    | 114    | 342    | 702    | 575    | 815    | 364    | 5,955   |

**TOTAL COST OF SALES**

|               |               |               |               |               |               |               |               |               |               |               |                |                |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| <b>63,705</b> | <b>60,684</b> | <b>54,564</b> | <b>65,975</b> | <b>56,928</b> | <b>67,489</b> | <b>72,791</b> | <b>75,744</b> | <b>74,420</b> | <b>64,297</b> | <b>77,618</b> | <b>110,358</b> | <b>844,572</b> |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|

**NET REVENUE**

|               |                |                |               |                |                |                |                |               |               |               |                |                  |
|---------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|----------------|------------------|
| <b>99,237</b> | <b>104,282</b> | <b>113,317</b> | <b>98,546</b> | <b>110,117</b> | <b>114,531</b> | <b>124,923</b> | <b>106,348</b> | <b>83,892</b> | <b>91,515</b> | <b>73,385</b> | <b>(7,157)</b> | <b>1,112,937</b> |
|---------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|----------------|------------------|

**General and Admin**

|                           |        |        |        |        |        |        |        |          |         |         |         |        |         |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|----------|---------|---------|---------|--------|---------|
| Telephone                 | 2,077  | 2,212  | 3,183  | 1,881  | 1,791  | 668    | 1,432  | 1,273    | 2,253   | 5,960   | 1,536   | 434    | 24,700  |
| Mobile Phones/Pagers      | 625    | 461    | 359    | 3,096  | 3,439  | 1,784  | 1,917  | 2,757    | 3,711   | 4,124   | 3,406   | 4,052  | 29,731  |
| Maint and Repairs         | 17,733 | 4,383  | 3,879  | 1,146  | 1,861  | 952    | 1,309  | 2,231    | 2,661   | 3,618   | 2,609   | 4,453  | 46,835  |
| Outside contracts         | 4,775  | 3,750  | 5,200  | 1,694  | 2,388  | 1,201  | 1,311  | 530      | 1,100   | 197     | -       | -      | 22,146  |
| Consulting Fees           | 7,450  | 4,950  | 250    | 10,033 | 5,288  | 1,855  |        | (16,048) | 1,360   | 4,000   | 4,000   | 4,000  | 27,138  |
| Dues, License and Fees    | 3,276  | 500    | 1,585  | 7,210  | 1,539  | 700    | 1,300  | 2,173    | -       | 200     | 250     | -      | 18,733  |
| Contributions-Charitable  | 650    | -      | 250    |        | 650    | 500    | 725    |          | 1,035   | 1,860   | -       | -      | 5,670   |
| Advertising               | 2,001  | 3,113  | 4,550  | 2,772  | 5,101  | 5,775  | 8,792  | 7,272    | 10,968  | 9,828   | 6,872   | 13,997 | 81,041  |
| Office Supplies           | 4,162  | 1,213  | 4,813  | 1,701  | 1,794  | 2,158  | 1,664  | 1,785    | 9,047   | 1,885   | 3,187   | 1,619  | 35,028  |
| Insurance - Workers Comp  |        |        |        | 4,250  | -      | 2,257  | 2,047  |          | 1,964   | -       | 1,964   | -      | 12,482  |
| Insurance- Equipment/Liab | 502    | -      | 3,874  | 4,779  | 11,071 |        | 10,392 | 1,964    | -       | 832     | -       | 406    | 33,819  |
| Insurance - E & O         |        |        |        | 5,203  |        |        |        |          | -       | 1,964   | -       | -      | 7,167   |
| Insurance - Health/Life   | 3,272  | 3,272  | 4,489  | 2,046  | 2,243  | 4,534  | 5,724  | 911      | 5,817   | 5,409   | 4,739   | 3,523  | 45,979  |
| Rent - Towers and Misc    | 9,550  | 9,175  | 9,925  | 9,750  | 9,750  | 9,750  | 10,250 | 7,950    | 9,600   | 1,900   | 11,100  | 9,100  | 107,800 |
| Misc                      | 2,092  | 3,150  | 48     | 600    | -      | 409    | 1,374  |          |         | 60      | -       | 1,322  | 9,055   |
| Postage                   | 3,040  | 905    | 775    | 1,057  | 918    | 908    | 2,755  | 1,581    | 864     | 3,063   | 2,215   | 862    | 18,942  |
| Accountant Fees           | -      | 3,460  | 1,651  |        | 4,016  | -      |        | 1,426    | -       | 1,495   | -       | -      | 12,048  |
| Attorney Fees             | 116    | 2,949  | 814    | 10,828 | 1,292  | 9,239  | 1,300  | (8,337)  | 1,854   | (2,800) | (1,377) | 522    | 16,399  |
| Wages                     | 55,760 | 49,251 | 61,853 | 64,223 | 63,608 | 84,632 | 82,853 | 92,941   | 101,483 | 102,510 | 87,976  | 91,231 | 938,321 |
| Payroll Taxes             | 5,920  | 5,121  | 6,303  | 5,494  | 5,183  | 6,843  | 6,699  | 7,645    | 8,788   | 7,834   | 6,487   | 6,387  | 78,704  |
| Taxes                     | 819    | 2,817  | 34     | 290    | -      | 234    |        |          | -       | -       | 7,845   | 1,415  | 13,454  |
| Travel                    | 406    | 1,001  | 4,981  | 5,377  | 7,495  | 5,277  | 7,342  | 4,071    | 5,517   | 5,162   | 7,274   | 2,536  | 56,439  |
| Utilities                 | 1,298  | 1,410  | 1,039  | 95     | 60     |        |        | 119      | 53      | -       | 42      | 67     | 4,183   |

**TOTAL EXPENSE**

|                |                |                |                |                |                |                |                |                |                |                |                |                  |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| <b>125,523</b> | <b>103,093</b> | <b>119,855</b> | <b>143,525</b> | <b>129,487</b> | <b>139,676</b> | <b>149,186</b> | <b>112,244</b> | <b>168,075</b> | <b>159,101</b> | <b>150,125</b> | <b>145,926</b> | <b>1,645,816</b> |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|

**EBITDA**

|                 |              |                |                 |                 |                 |                 |                |                 |                 |                 |                  |                  |
|-----------------|--------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|------------------|------------------|
| <b>(26,285)</b> | <b>1,189</b> | <b>(6,538)</b> | <b>(44,979)</b> | <b>(19,370)</b> | <b>(25,145)</b> | <b>(24,263)</b> | <b>(5,896)</b> | <b>(84,183)</b> | <b>(67,586)</b> | <b>(76,740)</b> | <b>(153,083)</b> | <b>(532,879)</b> |
|-----------------|--------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|------------------|------------------|

Depreciation

|        |        |        |        |        |        |        |        |        |        |        |        |         |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 14,389 | 15,212 | 15,932 | 16,237 | 16,868 | 18,651 | 22,750 | 22,750 | 22,750 | 22,750 | 22,750 | 24,500 | 235,539 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|

Interest

|       |       |       |       |       |       |       |       |     |     |     |     |        |
|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|--------|
| 5,365 | 5,210 | 3,117 | 1,065 | 1,084 | 1,232 | 1,100 | 1,156 | 664 | 635 | 610 | 591 | 21,829 |
|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|--------|

**INCOME BEFORE TAXES**

|                 |                 |                 |                 |                 |                 |                 |                 |                  |                 |                  |                  |                  |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|------------------|
| <b>(46,039)</b> | <b>(19,233)</b> | <b>(25,587)</b> | <b>(62,281)</b> | <b>(37,322)</b> | <b>(45,028)</b> | <b>(48,113)</b> | <b>(29,802)</b> | <b>(107,597)</b> | <b>(90,971)</b> | <b>(100,100)</b> | <b>(178,174)</b> | <b>(790,247)</b> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|------------------|

Aero Communications, LLC  
Forecast - Alabama Colocations Only  
3 Years Ending 12/31/08

|   | Jan-08       | Feb-08      | Mar-08      | Apr-08     | May-08      | Jun-08      | Jul-08      | Aug-08      | Sep-08      | Oct-08      | Nov-08      | Dec-08      | FY 2008      | FY 2007      | FY 2006      |
|---|--------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| <b>Subscriber Metrics</b>                 |              |             |             |            |             |             |             |             |             |             |             |             |              |              |              |
| 1 Residential                             | 0            | 0           | 0           | 38         | 75          | 113         | 150         | 168         | 225         | 263         | 300         | 338         | 1,688        | 581          | 1,031        |
| 2 Enterprise                              | 0            | 0           | 0           | 12 5       | 25          | 37 5        | 50          | 62 5        | 75          | 87 5        | 100         | 112 5       | 563          | 194          | 344          |
| Total Net Subscribers                     | 0            | 0           | 0           | 50         | 100         | 150         | 200         | 250         | 300         | 350         | 400         | 450         | 450          | 775          | 1,375        |
| <b>REVENUES</b>                           |              |             |             |            |             |             |             |             |             |             |             |             |              |              |              |
| <b>Transport Revenues</b>                 |              |             |             |            |             |             |             |             |             |             |             |             |              |              |              |
| 3 T-1s and PRI                            | \$ -         | \$ -        | \$ -        | \$ 6,000   | \$ 12,000   | \$ 18,000   | \$ 24,000   | \$ 30,000   | \$ 36,000   | \$ 42,000   | \$ 48,000   | \$ 54,000   | \$ 270,000   | \$ 1,116,000 | \$ 1,980,000 |
| T-3DS-3                                   | \$ -         | \$ -        | \$ -        | \$ 9,000   | \$ 18,000   | \$ 27,000   | \$ 36,000   | \$ 45,000   | \$ 54,000   | \$ 63,000   | \$ 72,000   | \$ 81,000   | \$ 405,000   | \$ 1,874,000 | \$ 2,970,000 |
| Total Transport Revenues                  | \$ -         | \$ -        | \$ -        | \$ 15,000  | \$ 30,000   | \$ 45,000   | \$ 60,000   | \$ 75,000   | \$ 90,000   | \$ 105,000  | \$ 120,000  | \$ 135,000  | \$ 875,000   | \$ 2,790,000 | \$ 4,950,000 |
| <b>Telephone/DSL Revenues</b>             |              |             |             |            |             |             |             |             |             |             |             |             |              |              |              |
| 1 Residential                             | \$ -         | \$ -        | \$ -        | \$ 3,373   | \$ 6,746    | \$ 10,119   | \$ 13,493   | \$ 18,868   | \$ 20,239   | \$ 23,612   | \$ 26,965   | \$ 30,358   | \$ 151,791   | \$ 627,401   | \$ 1,113,131 |
| Business                                  | \$ -         | \$ -        | \$ -        | \$ 1,499   | \$ 2,999    | \$ 4,498    | \$ 5,998    | \$ 7,497    | \$ 8,996    | \$ 10,496   | \$ 11,995   | \$ 13,494   | \$ 67,472    | \$ 278,884   | \$ 484,794   |
| Total Non-Recurring Revenues              | \$ -         | \$ -        | \$ -        | \$ 4,873   | \$ 9,745    | \$ 14,618   | \$ 19,490   | \$ 24,363   | \$ 29,235   | \$ 34,108   | \$ 38,960   | \$ 43,853   | \$ 219,263   | \$ 906,285   | \$ 1,607,925 |
| <b>TOTAL REVENUES</b>                     | \$ -         | \$ -        | \$ -        | \$ 19,873  | \$ 39,745   | \$ 59,618   | \$ 78,490   | \$ 98,363   | \$ 118,235  | \$ 139,108  | \$ 158,960  | \$ 178,863  | \$ 894,263   | \$ 3,696,285 | \$ 6,687,925 |
| <b>COST OF GOODS SOLD - Telco Charges</b> |              |             |             |            |             |             |             |             |             |             |             |             |              |              |              |
| 6 Telco Circuit Charges                   | \$ -         | \$ -        | \$ -        | \$ (792)   | \$ (8,416)  | \$ (12,624) | \$ (16,832) | \$ (21,040) | \$ (25,248) | \$ (29,458) | \$ (33,664) | \$ (37,872) | \$ (185,944) | \$ (147,312) | \$ (261,360) |
| 5 Network Loop Fees (subscriber loops)    | \$ -         | \$ -        | \$ -        | \$ (592)   | \$ (1,183)  | \$ (1,775)  | \$ (2,368)  | \$ (2,958)  | \$ (3,549)  | \$ (4,141)  | \$ (4,732)  | \$ (5,324)  | \$ (26,618)  | \$ (110,019) | \$ (195,195) |
| 7 Long Distance Charges                   | \$ -         | \$ -        | \$ -        | \$ (94)    | \$ (188)    | \$ (281)    | \$ (375)    | \$ (469)    | \$ (563)    | \$ (656)    | \$ (750)    | \$ (844)    | \$ (4,219)   | \$ (17,438)  | \$ (30,938)  |
| 8 Installation Costs                      | \$ -         | \$ -        | \$ -        | \$ (400)   | \$ (800)    | \$ (1,200)  | \$ (1,600)  | \$ (2,000)  | \$ (2,400)  | \$ (2,800)  | \$ (3,200)  | \$ (3,600)  | \$ (18,000)  | \$ (74,400)  | \$ (132,000) |
| 9 Commissions                             | \$ -         | \$ -        | \$ -        | \$ (365)   | \$ (731)    | \$ (1,096)  | \$ (1,462)  | \$ (1,827)  | \$ (2,193)  | \$ (2,558)  | \$ (2,924)  | \$ (3,289)  | \$ (16,445)  | \$ (67,971)  | \$ (120,594) |
| 10 Taxes Collected                        | \$ -         | \$ -        | \$ -        | \$ (650)   | \$ (1,300)  | \$ (1,950)  | \$ (2,600)  | \$ (3,250)  | \$ (3,900)  | \$ (4,550)  | \$ (5,200)  | \$ (5,850)  | \$ (29,250)  | \$ (120,900) | \$ (214,500) |
| <b>TOTAL COST OF GOODS SOLD</b>           | \$ -         | \$ -        | \$ -        | \$ (2,893) | \$ (12,817) | \$ (18,926) | \$ (25,235) | \$ (31,543) | \$ (37,852) | \$ (44,161) | \$ (50,470) | \$ (56,778) | \$ (280,475) | \$ (538,040) | \$ (954,587) |
| <b>GROSS MARGIN</b>                       | \$ -         | \$ -        | \$ -        | \$ 16,980  | \$ 27,128   | \$ 40,691   | \$ 54,266   | \$ 67,819   | \$ 81,383   | \$ 94,947   | \$ 108,611  | \$ 122,074  | \$ 813,788   | \$ 3,168,245 | \$ 5,803,338 |
| % of Revenue                              | 0%           | 0%          | 0%          | 85%        | 68%         | 68%         | 68%         | 68%         | 68%         | 68%         | 68%         | 68%         | 69%          |              |              |
| <b>Operating Expenses</b>                 |              |             |             |            |             |             |             |             |             |             |             |             |              |              |              |
| Network & Operations Personnel            | \$ (4,500)   | \$ (4,500)  | \$ (4,500)  | \$ (4,500) | \$ (4,500)  | \$ (9,000)  | \$ (9,000)  | \$ (9,000)  | \$ (9,000)  | \$ (9,000)  | \$ (9,000)  | \$ (9,000)  | \$ (85,500)  | \$ (279,000) | \$ (495,000) |
| Network Costs & Maint                     | \$ (750)     | \$ (750)    | \$ (750)    | \$ (750)   | \$ (800)    | \$ (1,350)  | \$ (1,800)  | \$ (2,250)  | \$ (2,700)  | \$ (3,150)  | \$ (3,600)  | \$ (4,050)  | \$ (22,800)  | \$ (83,700)  | \$ (148,500) |
| Total Operating Expenses                  | \$ (5,250)   | \$ (5,250)  | \$ (5,250)  | \$ (5,250) | \$ (5,400)  | \$ (10,350) | \$ (10,800) | \$ (11,250) | \$ (11,700) | \$ (12,150) | \$ (12,600) | \$ (13,050) | \$ (108,300) | \$ (382,700) | \$ (643,500) |
| <b>SG&amp;A Expenses (Allocated)</b>      |              |             |             |            |             |             |             |             |             |             |             |             |              |              |              |
| Administrative Personnel                  | \$ (675)     | \$ (675)    | \$ (675)    | \$ (675)   | \$ (675)    | \$ (1,350)  | \$ (1,350)  | \$ (1,350)  | \$ (1,350)  | \$ (1,350)  | \$ (1,350)  | \$ (1,350)  | \$ (12,825)  | \$ (41,850)  | \$ (74,250)  |
| Sales & Marketing                         | \$ (1,125)   | \$ (1,125)  | \$ (1,125)  | \$ (1,125) | \$ (1,125)  | \$ (2,250)  | \$ (2,250)  | \$ (2,250)  | \$ (2,250)  | \$ (2,250)  | \$ (2,250)  | \$ (2,250)  | \$ (21,375)  | \$ (69,750)  | \$ (123,750) |
| Floor Space                               | \$ (4,600)   | \$ (4,600)  | \$ (4,600)  | \$ (4,600) | \$ (4,600)  | \$ (4,600)  | \$ (4,600)  | \$ (4,600)  | \$ (4,600)  | \$ (4,600)  | \$ (4,600)  | \$ (4,600)  | \$ (55,200)  | \$ (82,800)  | \$ (124,200) |
| Depreciation                              | \$ (2,083)   | \$ (2,172)  | \$ (2,261)  | \$ (2,350) | \$ (2,439)  | \$ (2,528)  | \$ (2,617)  | \$ (2,706)  | \$ (2,795)  | \$ (2,884)  | \$ (2,973)  | \$ (3,062)  | \$ (30,874)  | \$ (49,560)  | \$ (67,060)  |
| Total SG&A Expenses                       | \$ (8,483)   | \$ (8,572)  | \$ (8,661)  | \$ (8,750) | \$ (8,839)  | \$ (10,728) | \$ (10,817) | \$ (10,906) | \$ (10,995) | \$ (11,084) | \$ (11,173) | \$ (11,262) | \$ (120,274) | \$ (243,960) | \$ (389,260) |
| <b>OPERATING MARGIN</b>                   | \$ (13,733)  | \$ (13,822) | \$ (13,911) | \$ 2,979   | \$ 12,888   | \$ 19,613   | \$ 32,638   | \$ 45,663   | \$ 58,688   | \$ 71,712   | \$ 84,737   | \$ 97,762   | \$ 385,214   | \$ 2,551,585 | \$ 4,570,578 |
| % of Revenue                              | #DIV/0!      | #DIV/0!     | #DIV/0!     | 15%        | 32%         | 33%         | 41%         | 46%         | 49%         | 52%         | 53%         | 55%         | 43%          |              |              |
| <b>Cash Flow Items</b>                    |              |             |             |            |             |             |             |             |             |             |             |             |              |              |              |
| Cash flow from operations                 | \$ (13,733)  | \$ (13,822) | \$ (13,911) | \$ 2,979   | \$ 12,888   | \$ 19,613   | \$ 32,638   | \$ 45,663   | \$ 58,688   | \$ 71,712   | \$ 84,737   | \$ 97,762   | \$ 385,214   | \$ 2,551,585 | \$ 4,570,578 |
| Addback depreciation                      | \$ 2,083     | \$ 2,172    | \$ 2,261    | \$ 2,350   | \$ 2,439    | \$ 2,528    | \$ 2,617    | \$ 2,706    | \$ 2,795    | \$ 2,884    | \$ 2,973    | \$ 3,062    | \$ 30,874    | \$ 49,560    | \$ 67,060    |
| Less Capital expenditures                 | \$ (175,000) | \$ (7,500)  | \$ (7,500)  | \$ (7,500) | \$ (7,500)  | \$ (7,500)  | \$ (7,500)  | \$ (7,500)  | \$ (7,500)  | \$ (7,500)  | \$ (7,500)  | \$ (7,500)  | \$ (257,500) | \$ (90,000)  | \$ (180,000) |
| Subtotal                                  | \$ (186,650) | \$ (19,150) | \$ (19,150) | \$ (2,170) | \$ 7,828    | \$ 14,641   | \$ 27,755   | \$ 40,869   | \$ 53,883   | \$ 67,097   | \$ 80,211   | \$ 93,324   | \$ 158,588   | \$ 2,511,145 | \$ 4,457,638 |
| Beginning Cash balance*                   | \$ 500,000   | \$ -        | \$ -        | \$ -       | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -         | \$ 658,568   | \$ 3,169,733 |
| Ending Cash                               | \$ 313,350   | \$ 294,200  | \$ 278,050  | \$ 272,880 | \$ 280,707  | \$ 296,349  | \$ 323,104  | \$ 363,873  | \$ 417,868  | \$ 466,063  | \$ 566,263  | \$ 658,688  | \$ 658,688   | \$ 3,169,733 | \$ 7,627,371 |

**Assumptions & Capital Expenditures**

T-1 and PRI sales increase to 6 add'l circuits per month across forecast

T-3 sales increase 2 subscribers per month

Capital expenditure in line with historic cost in existing colocations

SEE ASSUMPTIONS PAGE FOR DETAILS

**EXHIBIT C**

**Revised Answer to Part IX**

## **IX. Operational Issues**

1. How does the company intend to comply with TCA §65-21-114? In its description, please explain technically how the company will not bill for countywide calls within Tennessee.

Aero's billing system will be able to distinguish between customers to ensure that all countywide calls, regardless of mileage distance, will be included for free as part of Tennessee customers' local exchange service. For each customer, the billing system will be loaded with the applicable NPA-NXX information for that customer's surrounding county and the billing software will thus ensure that calls made from the customer to one of those NPA-NXXs are not charged as toll calls. The billing software will be updated with the latest information from the LERG at the beginning of each billing cycle in order to maintain accuracy.

2. Is the company aware of the Tennessee County Wide Calling database maintained by BellSouth and the procedures to enter your telephone numbers on the database?

Yes, Aero will cooperate with BellSouth to ensure its telephone numbers are accurately placed in the Tennessee County Wide Calling database.

3. Is your company aware of the local calling areas provided by the Incumbent Local Exchange Carriers in your proposed service areas?

Yes.

4. Explain the procedures that will be implemented to assure that your customers will not be billed long distance charges for calls within the metro calling areas.

Aero's billing for calls is different than traditional circuit-switched carriers. No calls originated and terminated in Tennessee will be subject to toll charges.

5. Please provide the name and telephone number of an employee of your company that will be responsible to work with the TRA on resolving customer complaints.

All customer complaints should be directed first to Aero's Operations manager, Brian Waid. The telephone number is 270-448-2376.

6. Does the company intend to telemarket its services in Tennessee? If yes, is the company aware of the telemarketing statutes and regulations found in TCA §65-4-401 *et seq.* And Chapter 1220-4-11?

At the present time, Aero does not foresee using telemarketing in Tennessee. Aero does not currently use telemarketing to sell services in any of its markets. If this changes in the future, Aero will comply with Tennessee TCA §65-4-401 *et seq.* and Chapter 1220-4-11.