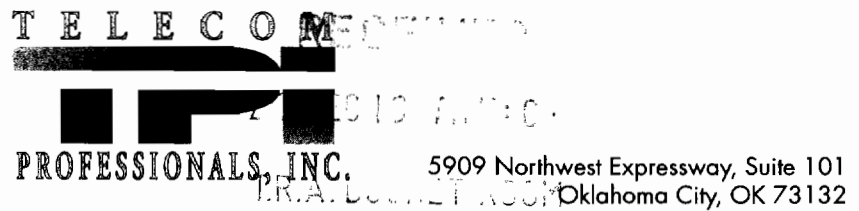


Judith A. Riley, J.D.



December 17, 2008

Overnight Delivery

Tennessee Regulatory Authority
Telecommunications Division
Attn: Lisa Foust
460 James Robertson Parkway
Nashville, TN 37243-0505
(515) 741-2904

RE: Docket No. 08-00203
Application of Network Innovations, Inc. Application

Enclosed please find the information and additional documents requested in your letter of November 6, 2008.

Please acknowledge receipt of these documents by file stamping the duplicate letter of transmittal enclosed and returning it in the self-addressed stamped envelope included for this purpose.

Should there be any questions or additional information required, please do not hesitate to contact me at (405) 755-8177 ext. 25.

Sincerely,

Alicia G. McKay
Regulatory Agent

Enclosures

EXHIBIT – QUESTION #3

AFFIDAVIT

AFFIDAVIT

STATE OF ILLINOIS §
 §
COUNTY OF COOK §

I, Rick A. Stern, being duly sworn, do hereby swear and affirm that;

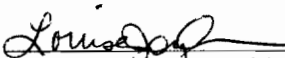
1. I am Chief Executive Officer of Applicant, Network Innovations, Inc., and have the authority to make this statement on behalf of the Applicant.
2. I swear or affirm that the Applicant, Network Innovations, Inc. understands and will comply with all applicable requirements of law, Rule, and Regulations of the FCC, the State of Tennessee and the Tennessee Regulatory Authority.


Signature

Rick Stern

SWORN TO AND SUBSCRIBED before me on the 19th day of November 2008.




Notary Public In and For the

State of Illinois

My commission expires: 4-16-2011

EXHIBIT – QUESTION #4
BOND RIDER

TENNESSEE REGULATORY AUTHORITY

TENNESSEE TELECOMMUNICATIONS SERVICE PROVIDER'S SURETY BOND

Bond # S-905 9567

WHEREAS, Network Innovations (the "Principal"), has applied to the Tennessee Regulatory Authority for authority to provide telecommunications services in the State of Tennessee; and

WHEREAS, under the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated, as amended, the Principal is required to file this bond in order to obtain such authority and to secure the payment of any monetary sanction imposed in any enforcement proceeding brought under Title 65 of the Tennessee Code Annotated or the Consumer Telemarketing Act of 1990 by or on behalf of the Tennessee Regulatory Authority (the "TRA"); and

WHEREAS, Washington International Insurance Company (the "Surety"), a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, has agreed to issue this bond in order to permit the Principal to comply with the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated;

NOW THEREFORE, BE IT KNOWN, that we the Principal and the Surety are held and firmly bound to the STATE OF TENNESSEE, in accordance with the provisions of Tennessee Code Annotated, Title 65, Chapter 4, Section 125(j), in the full amount of twenty thousand dollars (\$20,000.00) lawful money of the United States of America to be used for the full and prompt payment of any monetary sanction imposed against the Principal, its representatives, successors or assigns, in any enforcement proceeding brought under Title 65 of Tennessee Code Annotated or the Consumer Telemarketing Act of 1990, by or on behalf of the TRA, for which obligation we bind ourselves, our representatives, successors and assigns, each jointly and severally, firmly and unequivocally by these presents.

This bond shall become effective on the 24th day of September, 2008, and shall be continuous; provided, however, that each annual renewal period or portion thereof shall constitute a new bond term. Regardless of the number of years this bond may remain in force, the liability of the Surety shall not be cumulative, and the aggregate liability of the Surety for any and all claims, suits or actions under this bond shall not exceed Twenty Thousand Dollars (\$20,000.00). The Surety may cancel this bond by giving thirty (30) days written notice of such cancellation to the TRA and Principal by certified mail, it being understood that the Surety shall not be relieved of liability that may have accrued under this bond prior to the date of cancellation.

PRINCIPAL

SURETY

Network Innovations

Washington International Insurance Company

Name of Company authorized by the TRA

Name of Surety

Company ID # as assigned by TRA

Address of Surety

1200 Arlington Heights Rd., Ste. 400, Itasca,

IL 60143

SIGNATURE OF PRINCIPAL

SIGNATURE OF SURETY AGENT

Name: Rick Stern

Title: CEO

Name: J. Spencer Miller

Title: Attorney-in-Fact

Address of Surety Agent:

1 S. Wacker Dr.

36th Floor

Chicago, IL 60606

THIS BOND IS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 125, CHAPTER 4, TITLE 65 OF THE TENNESSEE CODE ANNOTATED AS AMENDED BY CHAPTER NO. 586, 2000 PUBLIC ACTS. SHOULD THERE BE ANY CONFLICT WITH THE TERMS HEREOF AND THE STATUTE OR REGULATIONS PROMULGATED THEREUNDER, THE STATUTE OR REGULATIONS SHALL PREVAIL. (POWER OF ATTORNEY FROM AN APPROVED INSURANCE COMPANY MUST BE ATTACHED.)

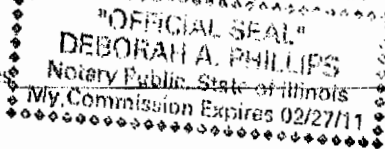
State of Illinois }
County of Cook } ss:

On September 24, 2008, before me, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared J. Spencer Miller

known to me to be Attorney-in-Fact of Washington International Insurance Company the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed the said instrument in behalf of the said corporation, and he duly acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires



Deborah A. Phillips
Notary Public

360212-6-66

NAS SURETY GROUP

NORTH AMERICAN SPECIALTY INSURANCE COMPANY
WASHINGTON INTERNATIONAL INSURANCE COMPANY

By this rider to:

Broker's Surety Bond Number: S-905 9567, executed on the 24th day of September 2008,
by Network Innovations as principal change(s) is(are) made effective November 21,
2008:

Name: Change/Correction/Clarification: Network Innovations, Inc.

Network Innovations, Inc. (Seal)
(Principal) *[Signature]*

By: _____

Name:

Title:

ACCEPTED: _____

(Obligee)

Name:

Title:

Date:

Washington International Insurance
Company

(Surety) _____ (Seal)

By: *Marion F. Narkus*

Marion F. Narkus, Attorney-in-Fact

Nothing contained in this rider shall vary, alter, waive or extend the terms, conditions,
provisions, agreements and limitations of the above-referenced bond in any way except
as stated above.

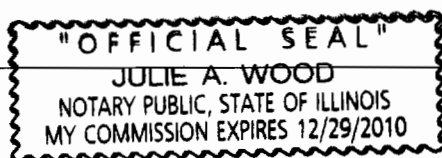
State of Illinois }
County of Cook } ss:

On November 21, 2008, before me, a Notary Public in and for said County and State, residing
therein, duly commissioned and sworn, personally appeared Marion F. Narkus

Washington International Insurance Company
known to me to be Attorney-in-Fact of
the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed
the said instrument in behalf of the said corporation, and he duly acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires



360212-6-66

Julie A. Wood
Notary Public

NAS SURETY GROUP

**NORTH AMERICAN SPECIALTY INSURANCE COMPANY
WASHINGTON INTERNATIONAL INSURANCE COMPANY**

GENERAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, THAT North American Specialty Insurance Company, a corporation duly organized and existing under laws of the State of New Hampshire, and having its principal office in the City of Manchester, New Hampshire, and Washington International Insurance Company, a corporation organized and existing under the laws of the State of New Hampshire and having its principal office in the City of Itasca, Illinois, each does hereby make, constitute and appoint:

J. SPENCER MILLER, MARION F. NARKUS and MARK PHILLIP NAHN

JOINTLY OR SEVERALLY

Its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver, for and on its behalf and as its act and deed, bonds or other writings obligatory in the nature of a bond on behalf of each of said Companies, as surety, on contracts of suretyship as are or may be required or permitted by law, regulation, contract or otherwise, provided that no bond or undertaking or contract or suretyship executed under this authority shall exceed the amount of:

TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolutions adopted by the Boards of Directors of both North American Specialty Insurance Company and Washington International Insurance Company at meetings duly called and held on the 24th of March, 2000:

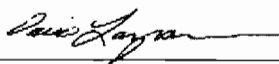
"RESOLVED, that any two of the Presidents, any Managing Director, any Senior Vice President, any Vice President, any Assistant Vice President, the Secretary or any Assistant Secretary be, and each or any of them hereby is authorized to execute a Power of Attorney qualifying the attorney named in the given Power of Attorney to execute on behalf of the Company bonds, undertakings and all contracts of surety, and that each or any of them hereby is authorized to attest to the execution of any such Power of Attorney and to attach therein the seal of the Company; and it is

FURTHER RESOLVED, that the signature of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be binding upon the Company when so affixed and in the future with regard to any bond, undertaking or contract of surety to which it is attached."



By 
Steven P. Anderson, President & Chief Executive Officer of Washington International Insurance Company
& Senior Vice President of North American Specialty Insurance Company



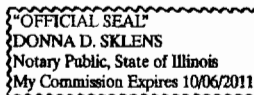
By 
David M. Layman, Senior Vice President of Washington International Insurance Company
& Vice President of North American Specialty Insurance Company

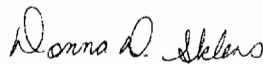
IN WITNESS WHEREOF, North American Specialty Insurance Company and Washington International Insurance Company have caused their official seals to be hereunto affixed, and these presents to be signed by their authorized officers this 30th day of September, 2008.

**North American Specialty Insurance Company
Washington International Insurance Company**

State of Illinois ss:
County of Du Page

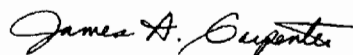
On this 30th day of September, 2008, before me, a Notary Public personally appeared Steven P. Anderson, President and CEO of Washington International Insurance Company and Senior Vice President of North American Specialty Insurance Company and David M. Layman, Senior Vice President of Washington International Insurance Company and Vice President of North American Specialty Insurance Company, personally known to me, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as officers of and acknowledged said instrument to be the voluntary act and deed of their respective companies.




Donna D. Sklens, Notary Public

I, James A. Carpenter, the duly elected Assistant Secretary of North American Specialty Insurance Company and Washington International Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney given by said North American Specialty Insurance Company and Washington International Insurance Company, which is still in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the seals of the Companies this 21st day of November, 2008



James A. Carpenter, Vice President & Assistant Secretary of Washington International Insurance Company &
North American Specialty Insurance Company

EXHIBIT – QUESTION #5

NOTARIZED ACKNOWLEDGEMENT

ACKNOWLEDGMENT OF PRINCIPAL

STATE OF ILLINOIS

COUNTY OF COOK

Before me, a Notary Public of the State and County aforesaid, personally appeared Rick A. Stern
with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing
bond on behalf of Network Innovations, Inc., and he acknowledged to me that he executed the same.

WITNESS my hand and seal this 19th day of November, 2008.

My Commission Expires:

April 16, 2011



Louise Joy Cavira
Notary Public

ACKNOWLEDGMENT OF SURETY

STATE OF TENNESSEE

COUNTY OF _____

Before me, a Notary Public of the State and County aforesaid, personally appeared _____
with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the
foregoing bond on behalf of _____, the within named Surety, a corporation licensed to do business in the
State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state
pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, and that he as such an individual being authorized to do so,
executed the foregoing bond, by signing the name of the corporation by himself and as such individual.

WITNESS my hand and seal this _____ day of _____, 20____.

My Commission Expires:

_____, 2000

Notary Public

APPROVAL AND INDORSEMENT

This is to certify that I have examined the foregoing bond and found the same to be sufficient and in conformity to law, that the
sureties on the same are good and worth the penalty thereof, and that the same has been filed with the Tennessee Regulatory
Authority, State of Tennessee, this _____ day of _____, 20____.

Name:

Title:

CONFIDENTIAL MATERIAL FOLLOWS

Network Innovations, Inc.
Balance Sheet (1)
As of the Year Ending December 31, 2005

	2005
Cash	591,229
Accounts Receivable	247,533
Current Assets	838,762
Net Fixed Assets	50,232
Total Assets	888,994
Accounts Payable	206,392
Accrued Payables	21,463
Revolving Credit	193,135
Taxes Payable	111,879
Deferred Revenue	12,753
Current Liabilities	545,623
Long-Term Debt	19,652
Total Liabilities	565,274
Partners' Equity	(569,763)
Retained Earnings	893,482
Total Equity	323,720
Total Liabilities & Equity	888,994

(1) Results were produced based on Modified Cash Accounting

Network Innovations, Inc.
Income Statement (1)
For the Year Ending December 31, 2005

	2005
Revenues	3,402,576
Cost of Goods Sold	2,021,026
Gross Profit	<u>1,381,550</u>
Compensation	380,413
Professional Services	51,799
Travel & Expenses	35,265
Occupancy	31,089
Sales & Marketing	25,071
Fees & Services	81,460
Depreciation	5,166
Operating Expenses	<u>610,262</u>
Operating Income	<u>771,288</u>
Other Income	9,975
Interest Expense	1,156
Net Other Income	<u>8,818</u>
Pre-Tax Income	<u><u>780,106</u></u>

(1) Results were produced based on Modified Cash Accounting

Network Innovations, Inc.
Statement of Cash Flows
For the Year Ending December 31, 2005

	<u>For the Year Ended December 31, 2005</u>
OPERATING ACTIVITIES	
Net Income	\$ 780,106
Depreciation	5,166
	<u>785,272</u>
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(247,533)
Accounts Payable	198,448
Accrued Payables	19,407
Revolving Credit	193,135
Carrier Taxes Payable	103,431
Deferred Revenue	12,753
Net cash provided by Operating Activities	<u>1,064,913</u>
INVESTING ACTIVITIES	
Net cash provided by Investing Activities	<u>(44,944)</u>
FINANCING ACTIVITIES	
Long-Term Debt	(6,138)
Partners' Equity	(529,276)
Net cash provided by Financing Activities	<u>(535,413)</u>
NET CASH INCREASE FOR THE PERIOD	484,556
 Cash at beginning of period	 <u>106,673</u>
Cash at end of period	<u><u>\$ 591,229</u></u>

Network Innovations, Inc.

Balance Sheet

As of the Fiscal Year Ended December 31,
2006

		<u>2006</u>
ASSETS		
Current Assets		
Cash	\$	633,608
Accounts Receivable		581,509
Accrued Receivables		98,962
Prepaid Expense		10,124
		<u>1,324,202</u>
Total Current Assets		<u>79,935</u>
Fixed Assets		
Fixed Assets	\$	1,404,137
TOTAL ASSETS		<u><u> </u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	\$	524,290
Accrued Liabilities		73,547
Dispute Reserve		64,668
Payroll Liabilities		24,493
Customer Deposits		1,168
Telecom Taxes Payable		458,835
Carrier Taxes Payable		(86,394)
Agent Commissions Payable		114,405
Revolving Credit		150,317
Current Portion of LT Debt		6,174
Total Current Liabilities		<u>1,331,503</u>
Long Term Liabilities		
Long-Term Liabilities		<u>6,603</u>
Total Liabilities		<u>1,338,106</u>
Equity		
Equity		(1,350,373)
Retained Earnings		843,084
Net Income		<u>573,320</u>
Total Equity		<u>66,031</u>
TOTAL LIABILITIES & EQUITY		<u><u>\$ 1,404,137</u></u>

Network Innovations, Inc.
Income Statement
For the Fiscal Year Ending December 31, 2006

	<u>2006</u>
Revenues	8,661,164
 Cost of Goods Sold	 <u>6,101,187</u>
Gross Profit	<u>2,559,977</u>
 Expense	
Compensation	1,333,288
Professional Services	129,307
Travel & Expense	44,755
Occupancy	134,553
Sales & Marketing	65,791
Fees & Services	207,697
Bad debt	90,718
Depreciation	17,325
Total Expense	<u>2,023,434</u>
Operating Income	<u>536,543</u>
 Other Income/Expense	
Other Income	
Other Income	13,888
Dividend Income	36,296
Interest Income	1,027
Total Other Income	<u>51,211</u>
 Other Expense	
Interest Expense	14,433
Total Other Expense	<u>14,433</u>
 Net Other Income	 <u>36,778</u>
 Net Income	 <u><u>573,321</u></u>

Network Innovations, Inc.
Statement of Cash Flows
For the Fiscal Year Ending December 31, 2006

	<u>2006</u>
OPERATING ACTIVITIES	
Net Income	\$
Depreciation	17,325
	<u>590,646</u>
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(357,678)
Accrued Receivables	5,883
Prepaid Expense	(10,124)
Accounts Payable	307,950
Accrued Liabilities	(18,899)
Dispute Reserve	62,269
Payroll Liabilities	24,493
Customer Deposits	(11,585)
Telecom Taxes Payable	328,568
Carrier Taxes Payable	(67,884)
Agent Commissions Payable	63,227
Revolving Credit	(5,817)
Current Portion of LT Debt	306
Net cash provided by Operating Activities	<u>911,356</u>
INVESTING ACTIVITIES	
Net cash provided by Investing Activities	<u>(44,439)</u>
FINANCING ACTIVITIES	
Long-Term Liabilities	(6,703)
Equity	(797,672)
Net cash provided by Financing Activities	<u>(804,375)</u>
NET CASH INCREASE FOR THE PERIOD	62,542
Cash at beginning of period	571,066
Cash at end of period	<u>\$ 633,608</u>

NETWORK INNOVATIONS
Balance Sheet
For the Year Ending December 31, 2007

2007

Cash	\$ 1,531,549
Accounts Receivable	698,709
Vendor Deposits	182,945
Other Current Assets	127,705
Current Assets	2,540,907
Net Fixed Assets	214,463
Total Assets	2,755,370
Accounts Payable	1,201,843
Accrued Payables	527,174
Revolving Credit	390,761
Taxes Payable	(13,768)
Unearned Revenue	-
Customer Deposits	275,884
Current Portion of LT Debt	-
Current Liabilities	2,381,893
Long-Term Debt	-
Total Liabilities	2,381,893
Owners' Equity	(324,907)
Retained Earnings	698,385
Total Equity	373,477
Total Liabilities & Equity	\$ 2,755,370

NETWORK INNOVATIONS
Income Statement
For the Year Ending December 31, 2007

2007

Revenues	\$ 16,966,629
Cost of Goods Sold	12,691,057
Gross Profit	4,275,572
Compensation	2,946,946
Professional Services	235,539
Travel & Expenses	52,943
Occupancy	179,175
Sales & Marketing	117,763
Fees & Services	278,850
Bad Debt	201,900
Depreciation	22,918
Operating Expenses	4,036,033
Operating Income	239,538
Other Income	60,050
Interest Expense	410
Net Other Income	59,640
Net Income	\$ 299,178

NETWORK INNOVATIONS
Statement of Cash Flows
For the Year Ending December 31, 2007

	2007
OPERATING ACTIVITIES	
Net Income	\$ 299,178
Depreciation	22,918
	<u>322,096</u>
Adjustments to reconcile Net income to net cash provided by operations:	
Accounts Receivable	(121,709)
Vendor Deposits	(112,091)
Other Current Assets	(113,072)
Accounts Payable	677,553
Accrued Payables	402,667
Revolving Credit	240,444
Taxes Payable	(383,998)
Current Portion of LT Debt	0
Unearned Revenue	(66,703)
Customer Deposits	157,395
Net cash provided by Operating Activities	<u>1,002,580</u>
INVESTING ACTIVITIES	
Net cash provided by Investing Activities	<u>(157,295)</u>
FINANCING ACTIVITIES	
Long-Term Debt	(12,777)
Owners' Equity	65,433
Net cash provided by Financing Activities	<u>52,656</u>
NET CASH INCREASE FOR THE PERIOD	897,941
Cash at beginning of period	633,608
Cash at end of period	<u>\$ 1,531,549</u>