

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF IDAHO

In the Matter of the Application of)
CommPartners, LLC for a Certificate of)
Public Convenience and Necessity)
to Provide Facilities-Based and Resale Local)
Exchange and Interexchange Services in Eligible Areas)
Statewide)
_____)

CMP-7-04-01

**APPLICATION OF COMMPARTNERS, LLC FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Pursuant to Idaho Code § 62-615, Idaho Public Utilities Commission (“Commission”) rules and regulations, and the Telecommunications Act of 1996, CommPartners, LLC (“CommPartners” or “Applicant”), hereby seeks, a Certificate of Public Convenience and Necessity (“CPCN”) for authority to operate as a provider of facilities-based and resale local exchange telecommunications services in eligible interconnection areas in Idaho, specifically, Qwest and Verizon incumbent local exchange areas, as well as authority to offer interexchange interLATA and intraLATA services statewide. In support of its Application, CommPartners provides the following information:

I. Proposed Services

CommPartners, LLC is in the process of building a state-of-the-art, proprietary Internet Protocol-based (“IP”) communications network for the provision of voice and data services with presence in all 50 states and the District of Columbia. The network is designed to connect public and private IP networks with the Public Switched Telephone Network (PSTN) and will extend into an estimated 8,500 local telephone rate centers representing a majority of the U.S. population when complete, estimated to be by late 2005. Applicant will provide the network needed for VoIP providers to originate and terminate IP-based communications, as well as allow for the termination of traditional circuit-switched telephone calls. The traffic to be carried over this network will be comprised of primarily information services traffic such as VoIP, as well as interstate, intrastate interLATA, intraLATA, and local traffic.

As one example, Applicant's affiliate CP Network Services, will use Applicant's network to carry its VoIP traffic. In addition, CP Network Services will bundle this network management with other needed services such as billing, provisioning, and customer support to provide a hosted VoIP application. This application will then be sold on a turn-key, unbranded basis to allow many different types of companies to market VoIP services. Among these wholesale customers will be: data integrators, Internet service providers, other VoIP providers, competitive local exchange carriers, long distance carriers, cable companies, and fiber to the home developers.

CP Network Services will offer these wholesale customers a comprehensive, affordable product suite with minimal investment requirements and low adoption risk. Applicant will also offer use of its network to other VoIP providers. Many of these providers are currently leasing networks in a piecemeal fashion and with limited geographical reach. Applicant will offer better services, at cheaper prices, and with greater geographical scope than is currently available. Essentially then, Applicant will serve as the network carrier and facilities management provider for its affiliate's wholesale customers, as well as for other VoIP providers' wholesale and retail customers.

Although most of the traffic carried over Applicant's network will be VoIP and subject to federal regulation,¹ Applicant acknowledges that the underlying network will be subject to regulation. In addition, this network will be created by entering into interconnection agreements with incumbent local exchange carriers ("ILECs") and connecting those ILEC networks to Applicant's points of presence in Las Vegas, Chicago, Atlanta, and New York. Services provided within Idaho will be routed through Applicant's network operations center located in Las Vegas, Nevada. In the event that the state chooses to regulate part or all VoIP services provided to retail end users, Applicant will tariff those services accordingly and comply with all state rules and regulations applying thereto.

¹ As a result of the FCC's recent decision in "Vonage Petition for Preemption from an Order of the Minnesota Public Utilities Commission." Memorandum Opinion and Order, FCC 04-267, released November 9, 2004.

Only in rare occasions will Applicant will be engaged in providing basic circuit-switched telephony. Applicant will maintain compliance with its duly filed tariffs for these services.

II. Form of Business

1. Name, Address, and Form of Business

CommPartners is organized as a Nevada Limited Liability Company. Its Operating Agreement and Certificate of Status issued by the Idaho Secretary of State stating that it is qualified to transact business in the State of Idaho are attached as Exhibit A hereto. Its principal place of business is 3291 N. Buffalo Drive, Suite 3, Las Vegas, NV 89129-7437. Its principal telephone number is (702) 367-8647 and toll free number is (877) 297-0926. Its fax number is (702) 365-8647. CommPartners' registered agent in the state of Idaho is CT Corporation System, 300 North 6th Street, Boise, ID 83701.

2. If a corporation, the names and addresses of the ten common stockholders of applicant owning the greatest number of shares of common stock and the number of such shares owned by each, as follows:

Applicant is in the process of a private placement stock offering that has not yet closed. Share ownership is listed on the following page containing information both before the offering and after the offering is completed.

Name of Beneficial Owner	Outstanding Share Ownership			Percentage Owned After Offering	
	Number of Shares Beneficially Owned Before Offering	Number of Shares Beneficially Owned After Offering	Percentage Owned Before Offering	Minimum	Maximum
Hayden R. Fleming	4,550,001	6,998,644	44%	36%	32%
Maurice J. Gallagher, Jr., Director	2,333,333	3,818,895	23%	20%	18%
David S. Clark, President and Managing Board Member	1,000,000	1,000,000	10%	5%	5%
Patrick Chicas, Vice President, CTO and Managing Board Member	1,000,000	1,000,000	10%	5%	5%
James H. Thompson, Vice President and Chief Integration Officer	500,000	500,000	5%	3%	2%
Mitchell Allee, Vice President and Chief Systems Officer	732,558	732,558	7%	4%	3%
Jeffrey Hardesty, Managing Board Member	58,333	125,818	1%	1%	1%
Daniel A. Cartwright, Managing Board Member	58,333	58,333	1%	0%	0%
All directors and officers as a group (10 persons) shares owned	10,232,558	14,234,248			
Ownership %'s of Directors	99%		99%	74%	66%
Total Shares Outstanding	10,291,891		10,290,891	19,191,862	21,691,862

All shareholders can be contacted at Applicant's address.

3. Names and addresses of the officers and directors of applicant.

Name	Position
David S. Clark	President and Director
Patrick Chicas	Vice President & Chief Technology Officer and Director
James H. Thompson	Vice President & Chief Integration Officer
Mitchell H. Allee	Vice President & Chief Systems Officer
Mark Peterson	Vice President—Sales & Marketing
Mike Burke	Vice President—Operations
Maurice J. Gallagher, Jr.	Director
Daniel A. Cartwright	Director
Jeffrey Hardesty	Director

All officers and directors may be contacted at Applicant's address.

4. Name and address of any corporation, association, or similar organization holding a 5% or greater ownership or a management interest in the applicant. As to ownership, the amount and character of the interest must be indicated. A copy of any management agreement must be attached.

Not applicable, all ownership interests are maintained by individuals as noted above.

5. Names and addresses of subsidiaries owned or controlled by applicant.

CP Network Services, LLC, a provider of a full suite of VoIP services including network management and operations support systems.

6. Resumes

David S. Clark – President and Director. Since participating in Applicant's founding in June 2003, Mr. Clark has served as Applicant's President and a member of Applicant's board of directors. Mr. Clark has overall responsibility for strategic guidance, personnel, financing, sales and corporate development/administration. From May 1997 to January 2001, Mr. Clark was Senior Vice President, Sales & Marketing and Senior Vice President, Investor Relations for

MGC/Mpower Communications. Mr. Clark's responsibilities included corporate sales and marketing development and implementation and a leading role in securing nearly \$1 billion in private equity, IPO, secondary equity and high yield debt financing. Mr. Clark was also the primary contact for investors and Wall Street funds and analysts at Mpower. From February 2001 to June 2001, Mr. Clark was the Chief Operating Officer for Wedding Referral Services (an Internet services company) and from August of 2001 to July 2002, he was the President and Chief Executive Officer for Pinnacle Armor (a manufacturer of patented, advanced ballistic armor). Mr. Clark has been in the telecommunications industry since 1989 with companies spanning private pay telephone, inmate phone system and specialty satellite services. Mr. Clark was a civilian contractor to the British military in Bosnia and was responsible for the Welfare Phone Service (via satellite) provided to British troops serving under the United Nations peacekeeping mandate. Mr. Clark serves as a director of Antenna Technology Communications, Inc. in Chandler, Arizona, and holds a degree in Mass Communications from Texas Tech University. Mr. Clark resides in Las Vegas, Nevada.

Patrick Chicas – Vice President & Chief Technology Officer and Director. Since co-founding CommPartners in June 2003, Mr. Chicas has served as Applicant's Vice President and Chief Technology Officer and as a member of Applicant's board of directors. Mr. Chicas is responsible for the network architecture and topology, vendor selection, POP construction and all engineering aspects of the Company. From August 2000 to November 2003, Mr. Chicas was the president, co-Chairman and a member of the board at Rubicon Media Group, an Internet publishing concern. From March 1999 to August 2000, Mr. Chicas was the Vice President for Data Services at Mpower Communications. While at Mpower, Mr. Chicas designed the company's VoIP network for small business services. From January 1997 to September 1998, Mr. Chicas was the first executive hire and Vice President of Operations at Digital Island, Inc. Mr. Chicas has prior telecommunications experience with PacTel Cellular (now Verizon) and GTE Mobilnet (now Verizon). As an early participant in Internet-related businesses, Mr. Chicas was a co-founder of Hawaii Online's Internet Access Service. Hawaii Online was the first statewide ISP in Hawaii and was ultimately sold to GST Communications. Mr. Chicas also co-founded LJ.net, an ISP founded to serve rural communities in the western United States. Mr. Chicas resides in Las Vegas, Nevada.

James H. Thompson – Vice President & Chief Integration Officer. Mr. Thompson co-founded Applicant and has served as Applicant's Vice President and Chief Integration Officer

since June 2003. From 1997 to May 2003, Mr. Thompson was an independent consultant for numerous ISPs and is a long time business associate of Mr. Chicas. Prior to 1997, Mr. Thompson was a co-founder of Hawaii Online and LJ.net Internet service providers with Mr. Chicas. Mr. Thompson also spent nine years at VeriFone where he was responsible for the design of the communications infrastructure that has allowed VeriFone to become a leader in point-of-sale transactions. Mr. Thompson's earlier career experience included a posting as vice president of technology for Knight-Ridder's Viewtron service and various joint projects with AT&T Bell labs. Mr. Thompson currently serves as a board member of Royal Hawaiian Entertainment. Mr. Thompson holds a Bachelor of Science in Electrical Engineering from the University of Hawaii and lives in Honolulu, Hawaii.

Mitchell H. Allee – Vice President & Chief Systems Officer. Mr. Allee co-founded Applicant and has served as Vice President and Chief Systems Officer since June 2003. Mr. Allee is responsible for the integration of all network operating components with Applicant's back-office platform. Since 1985, Mr. Allee has served as the Chairman, CEO and COO of CMS Solutions Inc. CMS Solutions is a computer software consulting company specializing in custom design of on-time, real time, integrated operational business management control systems. At CMS Solutions, Mr. Allee is responsible for strategic planning, sales, support, technical direction and financial management and control. From 1997 to the present, Mr. Allee has also served as the co-Chairman and CEO of Allegiant Airlines, a charter and scheduled service carrier Mr. Allee founded. Mr. Allee authored the operating system for ValuJet, which pioneered the use of "ticketless" travel in the airline industry. Mr. Allee also developed the integrated back-office system used by Mpower Communications. Mr. Allee has a thorough and in-depth knowledge of telephone operating and billing back-office systems. Mr. Allee is a graduate of Louisiana State University and lives in Fresno, California.

Mark Peterson – Vice President, Sales and Marketing. Mr. Peterson joined Applicant as Vice President of Sales & Marketing in August 2004. From February 2002 to July 2004, Mr. Peterson was Vice President of Sale & Marketing for Allegiant Airlines, where he was responsible for marketing, sales, corporate communications and reservations functions. From January 2001 to January 2002, Mr. Peterson served as a consultant with Gallagher Equity Management, providing management services to invested companies. From February 1996 to October 2000, Mr. Peterson was the President for the Western Region of Mpower Communications. In this role, Mr. Peterson was responsible for the company's profit and loss,

sales, marketing and operations in California and Nevada. Mr. Peterson holds a Bachelor of Arts in Political Science from California State University, Chico. Mr. Peterson also attended the California Northern School of Law. Mr. Peterson lives in Fresno, California.

Mike Burke – Vice President, Operations. Mr. Burke has served as Vice President, Operations for Applicant since June 2004. Mr. Burke is responsible for the construction, deployment and operation of Applicant's network throughout the United States. From September 2003 to April 2004, Mr. Burke served as Regional Director at Amerisco E3 Energy Services. From January 2003 to August 2003, he served as the General Manager for E3 Energy Services (subsequently purchased by Amerisco). From December 2000 to January 2003, Mr. Burke was the Executive Director for Sierra Pacific Communications. In this role, Mr. Burke was responsible for the development and deployment of a state-wide fiber optic network in Nevada. From November 1996 to November 2000, Mr. Burke was a Vice President at MGC/Mpower Communications. At Mpower, Mr. Burke was in charge of network strategic planning and operations. Mr. Burke resides in Henderson, Nevada.

Maurice J. Gallagher, Jr. – Director. Mr. Gallagher is an initial investor and member of Applicant's board of directors. From September 2001 to the present, Mr. Gallagher has served as co-Chairman of Allegiant Airlines. In early 1996, Mr. Gallagher co-founded MGC Communications, Inc. (now Mpower Communications) one of the first competitive local exchange carriers after the advent of the Telecommunications Act of 1996. Mr. Gallagher has a long entrepreneurial history including co-founding ValuJet Airlines, BankServ and investing and providing senior management direction to companies that include telecommunications and Internet applications service provider companies. Mr. Gallagher is the principal of Gallagher Equity Management, a private equity firm located in Las Vegas, Nevada. Mr. Gallagher is a graduate of the University of California at Davis with a Bachelor of Arts in History and holds an MBA from the University of California at Berkeley. Mr. Gallagher resides in Las Vegas, Nevada.

Daniel A. Cartwright – Director. Since Applicant's inception in June 2003, Mr. Cartwright has served as a member of Applicant's board of directors. Mr. Cartwright also currently serves as Executive Vice President of Circle F Ventures, LLC, a venture capital firm, and has served in this capacity since 1996. Since February 1996, Mr. Cartwright has also been the Treasurer and Chief Financial Officer of Fleming Securities. Mr. Cartwright serves on four boards of directors:

Copper Star Bank, WEB Corp., Antenna Technology Communications, Inc. and Primetrica, Inc. Mr. Cartwright has extensive experience in the healthcare, cable, telecommunications and satellite industries. Mr. Cartwright has a Bachelor of Science degree in Accounting from Arizona State University and received his CPA license from the state of Texas. Mr. Cartwright lives in Tempe, Arizona.

Jeffrey Hardesty – Director. Since Applicant's inception, Mr. Hardesty has served as a member of Applicant's board of directors. From 1996 to the present, Mr. Hardesty has been the primary technology consultant for Circle F Ventures. In this role, Mr. Hardesty evaluates investment opportunities from an information system and core technology perspective. Since 1993, Mr. Hardesty has also served as the Chief Financial Officer and Chief Technology Officer for a crystal and oscillator business. From 1986 to the present, Mr. Hardesty has consulted for a wide range of business in the information systems industry. Mr. Hardesty holds a bachelors degree in accounting from Mesa State College and lives in Scottsdale, Arizona.

III. Telecommunication Service

1. The date on which applicant proposes to begin construction or anticipates it will begin to provide service.

Immediately upon approval of this application.

2. A written description of customer classes and customer service that the applicant proposes to offer to the public.

Applicant will primarily be providing network transit and associated operations support systems for VoIP traffic to wholesale customers.

IV. Service Territory

1. A description sufficient for determining whether service is to be offered in a particular location; and the names of all incumbent local exchange corporations with whom the proposed utility is likely to compete.

Applicant will be providing services in all areas served by incumbent local exchange carriers that are required by the Telecommunications Act of 1996 to interconnect their networks with competitive local exchange carriers. In Idaho, that will include areas serviced by incumbents Qwest and Verizon.

2. Written description of the intended manner of service, for example, resold services or facilities based. A general description of the property owned or controlled by applicant.

All services provided by Applicant will be facilities-based. These facilities will use existing structures and as such will not result in any environmental damage. To begin operations, Applicant initially installed one softswitch device at each of its switch centers located in Las Vegas, Chicago, New York and Atlanta. These switch centers are connected to Applicant's network operations center in Las Vegas. The total cost of these softswitches was approximately \$2.5 million. This will be sufficient to establish the national reach of Applicant's network. CommPartners expects to deploy additional softswitches as traffic volume increases in specific geographic areas. These additional investments are expected to incrementally reduce transport costs as the switches are placed closer to end-users' traffic.

3. A statement describing with whom the applicant is likely to compete.

Applicant will compete with all providers of traditional telecommunications services including incumbent local exchange carriers, competitive local exchange carriers, and long distance carriers. Applicant will also compete with nascent voice/VoIP offerings of cable companies.

4. A description of the property owned by the applicant clarifies the applicant's proposed services and operation.

CommPartners network is a "hub-centric" topology consisting of CommPartners' switching centers located in Las Vegas, Chicago, Atlanta and New York. These switch centers are collocation points situated in highly sophisticated environments where large numbers of network providers meet for interconnection among their networks. At these locations, CommPartners has placed softswitch equipment, routers and border control devices.

CommPartners has entered into a one-year, renewable contract with Internap, a managed Internet aggregation company, to manage CommPartners' VoIP traffic that originates with non-dedicated broadband access. With the use of Internap's infrastructure connected independently at each of CommPartners' switching centers, CommPartners' data traffic is one step away from the strong majority of major Internet backbone carrier in the country. VoIP traffic initiated from end-users on CommPartners' network is carried from the Internet to CommPartners' nearest switch center in a prioritized fashion by Internap. Internap provides 100% up-time service level agreements and routes packets across the Internet in the least congested configuration available. With Internap's management of CommPartners' non-dedicated broadband access VoIP traffic,

we seek to minimize time delays and quality erosion associated with moving IP traffic across the public Internet.

CommPartners' system is designed to route calls originating on CommPartners' network to the nearest switch site and transport them to the receiving party in the most efficient manner possible. Each of CommPartners' switching centers is connected to the PSTN by traditional voice transport circuits which we lease from telecommunications carriers. CommPartners' switch sites are interconnected by high capacity fiber links leased from telecommunications carriers, creating a controlled, high quality VoIP backbone providing favorable economics for the movement of VoIP calls across the US.

As CommPartners becomes approved as a competitive carrier in each state, CommPartners will lease traditional voice transport from each of CommPartners' switch sites to access tandem switch centers owned and operated by the incumbent local exchange carrier in each state. After CommPartners has access to these tandems, VoIP traffic can be terminated through the tandem to the local rate center (a local calling office owned and operated by the incumbent carrier), to other CLECs and to wireless carriers for delivery to the receiving party.

CommPartners believes that security and quality of service are critical factors to CommPartners success. Thus, CommPartners has integrated border control devices into each of CommPartners' switch sites. These devices function as VoIP firewalls to protect the integrity of CommPartners' network from hackers. The combination of border control devices with managed Internet routing is designed to yield maximum protection from unlawful intruders while providing a quality of service for VoIP traffic comparable to traditional telephone calls.

The actual call flow within CommPartners' network is summarized as follows: an end-user initiates the call as a data transmission. The call flows from the end-user's broadband provider to CommPartners' nearest switch and is then routed to CommPartners' switch that is closest to the called party. At the switch site nearest the called party, CommPartners determines whether the called party is also a VoIP user or a user of traditional voice services. If the called party is a VoIP user, CommPartners terminates the call as a data transmission over their broadband connection and never accesses the PSTN. However, if the called party is a traditional voice user, CommPartners converts the call into a traditional voice protocol and sends the call to the nearest RBOC/ILEC/CLEC or wireless carrier's local telephone switch that serves the called party.

CommPartners' network approach and design delivers superior capabilities, achieves the same geographic coverage and leverages the burgeoning market opportunity for a fraction of the infrastructure capital investment required of traditional voice networks. The structure of CommPartners' network also allows solutions for two pressing issues for the offering of VoIP – CALEA and emergency 911 services. CommPartners has contracted with a noted telecommunications solutions provider to develop a 911 application for VoIP. This partner currently provides 911 functionality to approximately 40% of the cellular market. This solution should be available in early 2005. In the meantime, CommPartners will utilize standard E911 systems to provide emergency services to its wholesale customers.

V. Financial Information

1. Current detailed balance sheets, including a detailed income and profit and loss statements of applicant reflecting current and prior year balances for the twelve months ended as of the date of the balance sheet, or if not readily available, for the period since the close of the preceding calendar year.

CommPartners enjoys significant access to capital. Applicant was initially funded in September 2003 with \$3 million to begin rolling out its operations. Applicant has drawn \$1.6 million from this start-up funding for its initial operations. CommPartners has the financial backing of multiple sophisticated funding operations including Circle F Ventures and investor Maurice Gallagher. Applicant is already financially strong and independent. Applicant will close a private placement offering shares to the public that will earn Applicant an additional \$10 million in funding. With this funding in place, Applicant's business plan will be fully funded to expected break-even point. Exhibit B contains the most recent profit and loss statement and statement of operations. Applicant has the financial resources necessary to carry out its responsibilities as a provider of the telecommunications services described herein.

VI. "Illustrative" Tariff Filings

Proposed initial tariff and price sheets setting forth rates, rules, terms, and regulations applicable to the contemplated service.

See Exhibit C.

VII. Customer contacts

1. Contact information for the Applicant.

- a) The name, address, and telephone number and electronic mailing addresses (if available) of the person(s) responsible for consumer inquiries and complaints from the public.

David S. Clark
President
CommPartners, LLC
3291 N. Buffalo Drive, Ste. 3
Las Vegas, NV 89129-7437
Telephone: (702) 367-8647
Facsimile: (702) 365-8647
E-mail: dclark@commpartners.us

- b) A toll-free number for customer inquiries and complaints.

877 297-0926

- c) The name, number and electronic mailing addresses (if available) of the person(s) designated as a contact for the Commission Staff for resolving complaints, inquiries and matters concerning rates and price lists or tariffs.

David S. Clark
President
CommPartners, LLC
3291 N. Buffalo Drive, Ste. 3
Las Vegas, NV 89129-7437
Telephone: (702) 367-8647
Facsimile: (702) 365-8647
Email: dclark@commpartners.us

With a copy to:

Kristopher E. Twomey
LoKT Consulting
1515 E. 14th Street, Suite A
San Leandro, CA 94577
Telephone: (510) 903-1304
Facsimile: (510) 868-8418
Email: kris@lokt.net

VIII. Interconnection Agreements

Statements of whether the applicant has initiated interconnection negotiations and, if so, when and with whom.

Applicant is currently engaged in interconnection agreement negotiations with Qwest and Verizon.

IX. Compliance with Commission Rules

A written statement that the applicant has reviewed all of the Commission rules and agrees to comply with them, or a request for waiver of those rules believed to be inapplicable.

Applicant has reviewed all Commission rules and agrees to comply with such rules as exist now and in the future.

X. Escrow Account or Security Bond

If a company requires advance deposits by its customers, the company must submit a signed copy of an escrow account with a bonded escrow agent or a security bond. The escrow or bond shall be sufficient to meet customer deposit refunds in case of company default.

Applicant does not require advance deposits from its customers.

WHEREFORE, CommPartners, LLC requests that the Commission:

- (a) Grant Applicant a CPCN to provide facilities-based and resale local exchange services in eligible incumbent local exchange carrier areas as well as authority to provide interexchange intraLATA and interLATA telecommunications services within Idaho;
- (b) Make the grant effective on the date of issuance;
- (c) Authorize the filing of tariffs on or before the effective date of such a grant, such tariffs to be effective immediately thereafter; and
- (d) Grant such further relief as may be just and reasonable.

Respectfully submitted,



Kristopher E. Twomey
Counsel for CommPartners, LLC

APPLICATION OF COMMPARTNERS, LLC FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY
TO PROVIDE FACILITIES BASED AND RESALE LOCAL EXCHANGE,
INTERLATA AND INTRALATA TELECOMMUNICATIONS SERVICES

EXHIBIT	DESCRIPTION
A	Articles of Organization and Certificate of Status Issued by the Idaho Secretary of State
B	Financial Statements
C	Draft Tariffs

EXHIBIT A

**Articles of Organization
and
Certificate of Status Issued by the Idaho Secretary of State**
