

ORIGINAL



DEPOSIT
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DATE
JUL 23 1998

VIA OVERNIGHT DELIVERY

July 22, 1998

Florida Public Service Commission
Division of Communications
Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

980931-TX

RE: Application of DIECA Communications, Inc.

Dear Sir or Madam:

Enclosed for filing are an original and six (6) copies of the Application of DIECA Communications, Inc. ("DIECA") for a Certificate of Authority to provide local exchange service in the State of Florida.

Exhibit E of DIECA's Application is confidential and to be filed under seal, not for public disclosure.

Please date stamp the enclosed extra copy of this filing and return it in the self addressed, stamped envelope provided. Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Respectfully Submitted,

Bela A. Gary
Carrier Relations Counsel
Direct Dial: (408) 490-4564

Enclosures

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9

DOCUMENT NUMBER-DATE

~~07009~~ JUL 23 8

3560 Bassett Street • Santa Clara, CA 95054

Phone 408 490-4500 • Fax 408 490 4501 • <http://www.covad.com> REPORTING

Commissioners:
 JULIA L. JOHNSON, CHAIRMAN
 J. TERRY DEASON
 SUSAN F. CLARK
 JOE GARCIA
 E. LEON JACOBS, JR.



DIVISION OF COMMUNICATIONS
 WALTER D'HAESELEER
 DIRECTOR
 (850) 413-6600

Public Service Commission

Dear Prospective Applicant:

Enclosed you will find the application forms to provide:

- | | | |
|-------------------------------------|------|--|
| <input checked="" type="checkbox"/> | ALEC | Alternative Local Exchange Company; |
| <input type="checkbox"/> | IXC | Interexchange Telecommunications Service; |
| <input type="checkbox"/> | AAV | Interexchange Telecommunications Service with Alternative Access Vendor Service; |
| <input type="checkbox"/> | OSP | Interexchange Telecommunications Service with Operator Service Provider Service; |
| <input type="checkbox"/> | STS | Shared Tenant Service; |
| <input type="checkbox"/> | MLDA | Multi-Location Discount Aggregator Telecommunications Service Provider. |

Other attachments include relevant information and requirements.

Upon receipt of the completed forms staff will analyze the material and prepare a recommendation to be presented to the Commission. Following its decision, you will be advised of the outcome. If your application is approved you must follow all applicable rules. If your application is not approved you will be notified of further requirements.

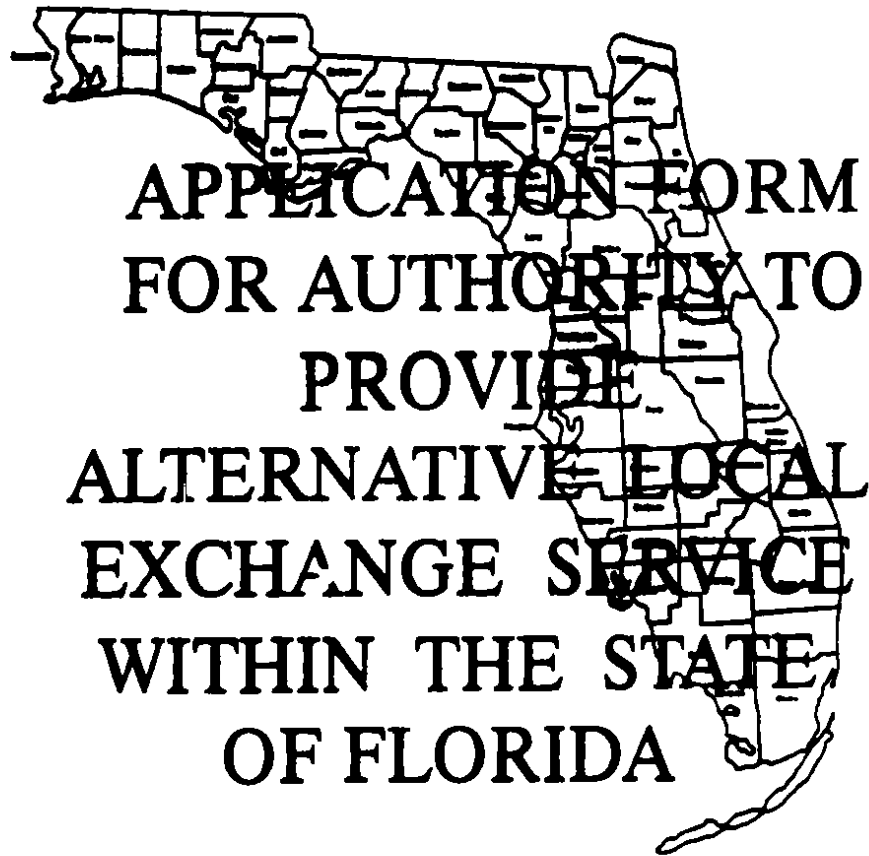
Should you have any questions, please do not hesitate to call me at (850) 413 - 6586.

Sincerely,


Thomas E. Williams III, Engineer
 Bureau of Service Evaluation

**** NOTE ****

The application and associated rules contained in this application are subject to change.



**APPLICATION FORM
FOR AUTHORITY TO
PROVIDE
ALTERNATIVE LOCAL
EXCHANGE SERVICE
WITHIN THE STATE
OF FLORIDA**

DOCUMENT NUMBER-DATE

07809 JUL 23 88

FLORIDA TELECOMMUNICATIONS

FLORIDA PUBLIC SERVICE COMMISSION
CAPITAL CIRCLE OFFICE CENTER - 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

APPLICATION FORM

for

AUTHORITY TO PROVIDE (ALEC) ALTERNATIVE LOCAL EXCHANGE SERVICE WITHIN THE STATE OF FLORIDA

INSTRUCTIONS

- ◆ This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing alternative local exchange certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee.
- ◆ Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Communications
Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866
(850) 413-6600

- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250 made payable to the Florida Public Service Commission at the above address.

APPLICATION FORM

1. This is an application for (check one):

Original authority (new company)

Approval of transfer (to another certificated company)

Example. a certificated company purchases an existing company and desires to retain the original certificate authority.

Approval of assignment of existing certificate
(to a noncertificated company)

Example. a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

Approval for transfer of control (to another certificated company)

Example. a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

DIECA Communications, Inc.

3. Name under which the applicant will do business (d/b/a):

Not applicable.

4. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: _____

APPLICATION FORM

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

None of DIECA's officers, directors, or any of

DIECA's largest stockholders have been adjudicated bankrupt,
mentally incompetent, or found guilty of any felony or of any
crime.

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

See Attachment A

Corporate charter number: F98000002704

10. Please provide the name, title, address, telephone number, Internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

James Earl - Email: jearl@covad.com

Associate General Counsel

6849 Old Dominion Drive

Suite 220

McLean, VA 22101

Phone: (703) 734-6221

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

See Attachment B

APPLICATION FORM

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Approval of transfer (to another certificated company)

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DIECA Communications, Inc.

3. Name under which the applicant will do business (d/b/a):

Not applicable.

4. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: _____

APPLICATION FORM

5. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

c/o Covad Communications Company

3560 Bassett Street

Santa Clara, CA 95054

(408) 490-4500

- B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.

National Registered Agents, Inc.

526 E. Park Avenue

Tallahassee, FL 23301

(800) 822-5436

6. Structure of organization: Check appropriate box(es)

Individual

Corporation

Foreign Corporation

Foreign Partnership

General Partnership

Limited Partnership

Joint Venture

Other, Please explain _____

7. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

APPLICATION FORM

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

None of DIECA's officers, directors, or any of

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James Earl - Email: jearl@covad.com

Associate General Counsel

6849 Old Dominion Drive

Suite 220

McLean, VA 22101

Phone: (703) 734-6221

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

See Attachment B

APPLICATION FORM

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

Applicant has not been denied certification in any
other state.

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

Applicant has not had penalties imposed against
it in any other state.

14. Please indicate how a customer can file a service complaint with your company.

See Attachment C

15. Please complete and file a price list in accordance with Commission Rule 25-24.825.(Rule attached)

See Attachment D

16. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability. See Attachment E

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

APPLICATION FORM

1. the balance sheet
2. income statement
3. statement of retained earnings.

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.
3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

If available, the financial statements should be audited financial statements. See Attachment F

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should attest that the financial statements are true and correct.

- B. Managerial capability. See Attachment G
- C. Technical capability. See Attachment H

(If you will be providing local intra-exchange switched telecommunications service, then state how you will provide access to 911 emergency service. If the nature of the emergency 911 service access and funding mechanism is not equivalent to that provided by the local exchange companies in the areas to be served, described in detail the difference.)

APPLICATION FORM

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

Official:  7/22/98
Signature Date

Title: VP + General Counsel (408) 490 4560
Telephone Number

Address: 3560 Bassett Street
Santa Clara, CA
95054

ATTACHMENT A

Certificate of Authority to do Business in Florida

State of Florida



Department of State

I certify the attached is a true and correct copy of the application by DIECA COMMUNICATIONS, INC., a Virginia corporation, authorized to transact business within the State of Florida on May 12, 1998 as shown by the records of this office.

The document number of this corporation is F98000002704.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Twelfth day of May, 1998



CR2EO22 (2-98)

Sandra B. Northam

Sandra B. Northam
Secretary of State

**APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION
TO TRANSACT BUSINESS IN FLORIDA**

**IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS
SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE
STATE OF FLORIDA:**

1. DIECA Communications, Inc.
(Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION" or words or abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.)
2. Virginia
(State or country under the law of which it is incorporated)
3. 77-0470016
(FEI number, if applicable)
4. 9/26/97
(Date of Incorporation)
5. Perpetual
(Duration: Year corp. will cease to exist or "perpetual")
6. upon qualification
(Date first transacted business in Florida. (SEE SECTIONS 607.1501, 607.1502, AND 817.155, F.S.)
7. c/o Covad Communications, 3560 Bassett St.
Santa Clara, CA 95054
(Current mailing address)

SECRET
DIVISION
MAY 12 PM 2:50

8. Telecommunication services and related lawful businesses.
(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

9. Name and street address of Florida registered agent: (P.O. Box or Mail Drop Box NOT acceptable)

Name: NRAI Services, Inc.

Office Address: 526 E. Park Ave.

Tallahassee, Florida, 32301
(Zip Code)

10. Registered agent's acceptance:

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

Andrea Stark for NRAI Services, Inc.
(Registered agent's signature)

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

12. Names and addresses of officers and/or directors: (Street address ONLY- P. O. Box NOT acceptable)

A. DIRECTORS (Street address only- P. O. Box NOT acceptable)

Chairman: Charles J. McMinn

Address: 3560 Bassett St., Santa Clara, CA 95054

Vice Chairman: Dhruv Khanna

Address: 3560 Bassett St.
Santa Clara, CA 95054

Director: Timothy P. Leahy

Address: 3560 Bassett St.
Santa Clara, CA 95054

Director: _____

Address: _____

B. OFFICERS (Street address only- P. O. Box NOT acceptable)

President: Charles J. McMinn

Address: 3560 Bassett St.
Santa Clara, CA 95054

Vice President: Dhruv Khanna

Address: 3560 Bassett St.
Santa Clara, CA 95054

Secretary: Dhruv Khanna

Address: 3560 Bassett St.
Santa Clara, CA 95054

Treasurer: Timothy P. Leahy

Address: 3560 Bassett St., Santa Clara, CA 95054

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. 
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. Dhruv Khanna, Vice President
(Typed or printed name and capacity of person signing application)

SECRETARY
DIVISION
FILE
981117 12 P1 2150



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

May 12, 1998

SUNSTATE RESEARCH

Qualification documents for DIEGA COMMUNICATIONS, INC. were filed on May 12, 1998 and assigned document number F98000002704. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

The certification you requested is enclosed.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 487-6091, the Foreign Qualification/Tax Lien Section.

Jennifer Sindt
Document Examiner
Division of Corporations

Letter Number: 098A00026307

ATTACHMENT B

Applicant has certificates of authority in the following jurisdictions:

**California
Illinois
Maryland
Massachusetts
New York
Oregon
Virginia
Washington**

Applicant has pending certificate of authority applications in the following jurisdictions:

Colorado	Filed, Pending Authorization
Delaware	Filed, Pending authorization
Georgia	Filed, Pending authorization
New Hampshire	Filed, pending authorization
New Jersey	Filed, pending authorization
Pennsylvania	Filed, pending authorization
Texas	Filed, pending authorization
Washington, D.C.	Filed, pending authorization

ATTACHMENT C

Customer Service Complaints

DIECA will maintain the following toll-free customer service number for the convenience of customers:

(888) 462-6823

In addition, customers can file a service complaint by contacting DIECA at:

**DIECA Communications, Inc.
c/o Covad Communications Company
3560 Bassett Street
Santa Clara, CA 95054**

ATTACHMENT D

Price List

Non-recurring and monthly recurring rates apply for each Dedicated Service furnished by the Company. Monthly recurring rates vary according to the time period for which the Customer commits to take the service. Unless otherwise noted, three standard rate elements are used in calculating the monthly recurring rate for each service:

- A) Local Distribution Channel (LDC): This rate element applies to each end-point of a digital channel provided to a Customer.
- B) Interoffice Channel Mileage-Fixed: This rate element applies per digital channel whenever there is mileage associated with the channel; a digital channel has mileage associated with it when the endpoints of the channel are located in geographic areas normally served out of separate local exchange carrier ("LEC" end offices. This rate element applies per circuit endpoint.
- C) Interoffice Channel Mileage-Per Mile: This rate element applies whenever there is mileage associated with the digital channel. The unit rate is multiplied by the number of miles (Interoffice Mileage) between the two LEC end offices serving the geographic areas in which the end points of the channel are located. Interoffice Mileage is determined according to the V&H coordinates method set forth in the NATIONAL EXCHANGE CARRIER ASSOCIATION, INC. TARIFF F.C.C. No. 4. Fractions of a mile are rounded up to the next whole mile before rates are applied.

6.2 Basic and Mixed Vendor Services

DS3, DS2, DS1 and DS0 Service may be provided as either Basic or Mixed Vendor Services, depending upon the availability of facilities. Basic Service rates apply when both endpoints of the channel are served by the Company's network. Mixed Vendor Service rates when one endpoint of the transmission channel is served by a local exchange carrier's network (Mixed vendor Services are provided via a combination of the Company's facilities and local exchange carrier facilities).

DS3, DS2, DS1 and DS0 channels where both endpoints are served by a local exchange carrier's network will be provided at the sole discretion of the Company, on an Individual Case Basis (ICB).

ATTACHMENT D

Price List

Non-recurring and monthly recurring rates apply for each Dedicated Service furnished by the Company. Monthly recurring rates vary according to the time period for which the Customer commits to take the service. Unless otherwise noted, three standard rate elements are used in calculating the monthly recurring rate for each service:

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- C) Interoffice Channel Mileage-Per Mile: This rate element applies whenever there is mileage associated with the digital channel. The unit rate is multiplied by the number of miles (Interoffice Mileage) between the two LEC end offices serving the geographic areas in which the end points of the channel are located. Interoffice Mileage is determined according to the V&H coordinates method set forth in the NATIONAL EXCHANGE CARRIER ASSOCIATION, INC. TARIFF F.C.C. No. 4. Fractions of a mile are rounded up to the next whole mile before rates are applied.

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DS3, DS2, DS1 and DS0 channels where both endpoints are served by a local exchange carrier's network will be provided at the sole discretion of the Company, on an Individual Case Basis (ICB).

Optional features and functions are also available on an Individual Case Basis, these are:

Cross-Connection Charge: This rate element applies for cross-connections within Company locations between one or more Customer services, or between the services of different Customers.

Multiplexing Charge: This rate element applies where the Customer requests that its services be multiplexed onto higher bandwidth facilities for delivery to the Customer.

DEXCS Port Charge: This rate element applies where the Customer requests that its services be connected to a DEXCS port.

6.2.1 DS3 Service (44.736 Mbps)

This service consists of a DS3 (44.736 Mbps) capacity digital channel available on a 24 hour per day, 7 day per week basis between two points.

TYPE 1 DS3 RATES

RATES	MONTH TO MONTH	1 YR.	3 YR.	5 YR.
Local Distribution Channel (Per Channel)				
Zone 1	\$2,250	\$2,250	\$1,620	\$1,440
Zone 2	\$2,250	\$2,250	\$1,710	\$1,530
Zone 3	\$2,250	\$2,250	\$1,800	\$1,620
Interoffice Channel Mileage (Fixed)				
Zone 1,2,3	\$750	\$750	\$675	\$600
Interoffice Channel Mileage (Per Mile)				
Zone 1,2,3	\$39	\$39	\$35	\$31

**RATES FOR DEDICATED ACCESS SERVICES
DS3 SERVICE**

TYPE LDS3 RATES

RATES	MONTH TO MONTH	1 YR.	3 YR.	5 YR.
Local Distribution Channel (Per Channel)	\$1,080	\$1,080	\$665	\$585
Interoffice Channel Mileage (Fixed)	\$540	\$540	\$486	\$432
Interoffice Channel Mileage (Per Mile)	\$54	\$54	\$50	\$43
Installation Rate	\$800 Per Local Distribution Channel			

TYPE 11 DS3 RATES

RATES	MONTH TO MONTH	1 YR.	3 YR.	5 YR.
Local Distribution Channel (Per Channel)	\$1,140	\$1,140	\$702	\$618
Interoffice Channel Mileage (Fixed)	\$570	\$570	\$513	\$456
Interoffice Channel Mileage (Per Mile)	\$57	\$57	\$53	\$45
Installation Rate	\$800 Per Local Distribution Channel			

VOLUME DISCOUNTS
LOCAL DISTRIBUTION CHANNEL

# OF DS3'S	MONTH TO MONTH	RATE PER DS3 CHANNEL		
		1 YR.	3 YR.	5 YR.
<u>3 DS3s</u>				
Zone 1	\$2,097	\$2,097	\$1,140	\$900
Zone 2	\$2,097	\$2,097	\$1,170	\$975
Zone 3	\$2,097	\$2,097	\$1,200	\$1,050
<u>12 DS3s</u>				
Zone 1	N/A	N/A	\$825	\$630
Zone 2	N/A	N/A	\$844	\$653
Zone 3	N/A	N/A	\$863	\$675

NOTES:

- 1) IN ADDITION TO THE ABOVE LOCAL DISTRIBUTION CHANNEL CHARGES, ADD THE STANDARD FIXED AND PER MILE RATES.
- 2) VOLUME DISCOUNTS WILL APPLY WHEN A CUSTOMER ORDERS TWO OR MORE DS3 CIRCUITS BETWEEN THE SAME LOCATIONS AT THE SAME TIME.

6.2.2 DS2 SERVICE (6.312 Mbps)

This service consists of a DS2 (6.312 Mbps) capacity digital channel available on a 24 hour per day, 7 day per week basis between two points. No mixed vendor service is available for DS2 service.

STANDARD DS2 RATES

RATES	MONTH TO MONTH	1 YR.	3 YR.	5 YR.
Local Distribution Channel (Per Channel)	\$1,150	\$1,150	\$1,035	\$920
Interoffice Channel Mileage (Fixed)	\$570	\$570	\$513	\$456
Interoffice Channel Mileage (Per Mile)	\$29	\$29	\$26	\$23
Installation Rate	\$2,700 Per Local Distribution Channel			

6.2.3 DS1 SERVICE (1.544 Mbps)

This service consists of a DS1 (1.544 Mbps) capacity digital channel available on a 24 hour per day, 7 day per week basis between two points.

TYPE I DS1 RATES

RATES	MONTH TO MONTH	1 YR.	3 YR.	5 YR.
Local Distribution Channel (Per Channel)	\$234	\$234	\$211	\$187
Interoffice Channel Mileage (Fixed)	\$54	\$54	\$49	\$43
Interoffice Channel Mileage (Per Mile)	\$14	\$14	\$13	\$11
Installation Rate	\$450 Per Local Distribution Channel			

When more than one circuit is purchased at the same time and between the same locations, each additional circuit receives 50% off the above LDC, and the installation rate is \$65 per additional LDC

TYPE II DSI RATES

RATES	MONTH TO MONTH	1 YR.	3 YR.	5 YR.
Local Distribution Channel (Per Channel)	\$247	\$247	\$223	\$197
Interoffice Channel Mileage (Fixed)	\$57	\$57	\$52	\$45
Interoffice Channel Mileage (Per Mile)	\$14	\$14	\$13	\$12
Installation Rate	\$450 Per Local Distribution Channel			

6.2.4 Fanout DSI Service

This service consists of up to 28 DS1 (1.544 Mbps) digital channels, which are aggregated at a Company Node onto a standard DS3 circuit with Interoffice Mileage and a Local Distribution Channel at the terminating end.

Fanout DS1's consist of 3 rate elements:

- 1) DS1 Local Distribution Channels - Rated as a standard DS1 Local Distribution Channel.
- 2) Central Office Multiplexing - Aggregates the 28 DS1's onto DS3 interoffice facilities.
- 3) DS3 Interoffice Mileage/Local Distribution Channel - rated as a standard DS3 Circuit.

FANOUT DS1 SERVICE RATES

SERVICE CONFIGURATIONS	NON- RECURRING	MONTH TO MONTH	MONTHLY RECURRING		
			1 YR.	3 YR.	5 YR.
DS3/1 Mux @ CC Node	\$400	\$44 0	\$44 0	\$39 5	\$35 0
DS3 Channel Between a Client Premises and a CC Node	Standard DS3 Rate Schedule (One Local Distribution Channel Charge applies)				
DS1 Fanout Channel	Standard DS1 Rate Schedule (One Local Distribution Channel Charge applies to each individual DS1 Fanned out from Node)				

6.2.5 DS0 SERVICE

DS0 Service is a Digital Transmission Service furnished by the Company at transmission speeds of 2.4 kbps, 4.8 kbps, 9.6 kbps, 19.2 kbps, 56 kbps, 64 kbps, or in multiples of 56 kbps or 64 kbps up to 1.544 Mbps. Such channels will be configured by the Company to transmit digital data at specified data rates or analog signals converted to digital signals.

STANDARD DSO RATES

DSO SERVICE	NON-RECURRING	MONTHLY RECURRING	
		DSO LOCAL DISTRIBUTION CHANNEL (EACH)	DSO MILEAGE
2 wire voice grade	\$475	\$27.00	\$22.00 plus \$0.50 per mile
4 wire voice grade	\$475	\$42.00	\$22.00 plus \$0.50 per mile
2.4 to < 56 kbs	\$350	\$45.00	\$4.50 plus \$5.00 per mile
56 or 64 kbs	\$350	\$45.00	\$4.50 plus \$5.00 per mile
	\$250 x N with \$3,000 MAX	\$36.00 x N	\$4.50 plus \$5.00 per mile X N

6.2.6 Fanout DS0 Service

This service consists of up to 24 DS0 digital channels, which are aggregated at a Company Node onto a standard DS1 circuit with Interoffice Mileage and a Local Distribution Channel at the terminating end. There is a minimum 90 day service period for each Hubbed DS0 Service.

Hubbed DS0's consist of 3 rate elements:

- 1) DS0 Local Distribution Channels - Rated as a standard DS0 Local Distribution Channel.
- 2) Central Office Multiplexing - Aggregates the 24 DS0's onto DS1 interoffice facilities.
- 3) DS1 Interoffice Mileage/Local Distribution Channel - Rated as a standard DS1 Circuit.

DS0 FANOUT SERVICE

STANDARD RATE ELEMENTS	NON-RECURRING	MONTHLY RECURRING			
		MONTH TO MONTH	1 YR.	3 YR.	5 YR.
DS1 Service	Apply Standard DS1 Non-Recurring Charge	Standard DS1 Rate Schedule			
DS1/0 MUX @ TC Node	\$0	\$248	\$248	\$223	\$198
DS0 Service	Apply Appropriate DS0 Non-Recurring Charge	Standard DS0 Rate Schedule			

ATTACHMENT

Audited Financials

Consolidated Financial Statements

Covad Communications Group, Inc.

*Year ended December 31, 1997
with Report of Independent Auditors*

Covad Communications Group, Inc.

Consolidated Financial Statements

Year ended December 31, 1997

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Report of Independent Auditors

The Board of Directors and Stockholders of
Covad Communications Group, Inc.

We have audited the accompanying consolidated balance sheet of Covad Communications Group, Inc. as of December 31, 1997, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Covad Communications Group, Inc. as of December 31, 1997, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Ernst & Young LLP

January 16, 1998

Covad Communications Group, Inc.

Consolidated Balance Sheet
(Amounts in 000's, except per share amounts)

	<u>December 31,</u> <u>1997</u>
Assets	
Current assets:	
Cash and cash equivalents.....	\$ 4,378
Accounts receivable, net.....	25
Unbilled revenues.....	4
Inventories.....	43
Prepaid expenses.....	52
Other current assets.....	<u>317</u>
Total current assets.....	4,819
Property and equipment:	
Networks and communication equipment.....	2,185
Computer equipment.....	600
Furniture and fixtures.....	185
Leasehold improvements.....	<u>114</u>
	3,084
Less accumulated depreciation and amortization.....	<u>(70)</u>
Net property and equipment.....	3,014
Other assets:	
Restricted cash.....	210
Deposits.....	31
Total other assets.....	<u>241</u>
Total assets.....	\$ 8,074
Liabilities and stockholders' equity	
Current liabilities:	
Accounts payable.....	\$ 651
Unearned revenue.....	7
Accrued network costs.....	58
Other accrued liabilities.....	77
Current portion of capital lease obligations.....	<u>239</u>
Total current liabilities.....	1,022
Long-term capital lease obligations.....	<u>534</u>
Total liabilities.....	1,576
Stockholders' equity:	
Series A convertible preferred stock, \$0.001 per value, 250,000 shares authorized, issued and outstanding.....	-
Series B convertible preferred stock, \$0.001 per value, 5,666,667 shares authorized, issued and outstanding.....	6
Common stock, \$0.001 per value, 25,000,000 shares authorized, 3,787,068 shares issued and outstanding.....	4
Additional paid-in capital.....	8,005
Retained earnings (deficit).....	<u>(2,317)</u>
Total stockholders' equity.....	6,498
Total liabilities and stockholders' equity.....	\$ 8,074

The accompanying notes are an integral part of these financial statements.

Covad Communications Group, Inc.

Consolidated Statement of Operations
(Amounts in 000's)

	Year ended December 31, 1997
Revenues.....	\$ 26
Operating expenses:	
Network and product costs	54
Sales, marketing, general and administrative	2,374
Depreciation and amortization	70
Total operating expenses	<u>2,498</u>
Loss from operations.....	<u>(2,472)</u>
Interest income (expense):	
Interest income	167
Interest expense	<u>(12)</u>
Net interest.....	<u>155</u>
Net loss	<u><u>\$ (2,317)</u></u>

The accompanying notes are an integral part of these financial statements.

Covad Communications Group, Inc.

Consolidated Statement of Stockholders' Equity
(Amounts in 000's)

	Series A Convertible Preferred Stock	Series B Convertible Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
Initial issuance of common stock	\$ -	\$ -	\$ 4	\$ 46	\$ -	\$ 50
Repurchase of common stock	-	-	(1)	(9)	-	(10)
Issuance of common stock	-	-	1	67	-	68
Issuance of Series A Preferred Stock....	-	-	-	250	-	250
Issuance of Series B Preferred Stock (net of \$43 of financing costs)	-	6	-	8,451	-	8,457
Net loss	-	-	-	-	(2,317)	(2,317)
Balance at December 31, 1997	\$ -	\$ 6	\$ 4	\$ 8,805	\$ (2,317)	\$ 6,498

The accompanying notes are an integral part of these financial statements.

Covad Communications Group, Inc.

Consolidated Statement of Cash Flows
(Amounts in 000's)

	<u>December 31,</u> <u>1997</u>
Operating activities:	
Net loss	\$(2,317)
Reconciliation of net loss to net cash provided by (used in) operating activities:	
Depreciation and amortization	70
Net changes in current assets and liabilities:	
Accounts receivable	(25)
Inventories	(43)
Other current assets	(373)
Accounts payable	651
Unearned revenue	7
Other current liabilities	<u>135</u>
Net cash used in operating activities	(1,895)
Investing activities:	
Purchase of restricted investment	(210)
Deposits	(31)
Purchase of property and equipment	<u>(2,253)</u>
Net cash used in investing activities	(2,494)
Financing activities:	
Principal payments under capital lease obligations	(48)
Proceeds from common stock issuance, net of repurchase	108
Proceeds from Series A preferred stock issuance	250
Proceeds from Series B preferred stock issuance	<u>8,457</u>
Net cash provided by financing activities	<u>8,767</u>
Cash and cash equivalents at end of year	<u>\$ 4,378</u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	<u>\$ 9</u>
Supplemental schedule of non-cash investing and financing activities:	
Equipment purchased through capital leases	<u>\$ 831</u>

The accompanying notes are an integral part of these financial statements.

Covad Communications Group, Inc.

Notes to Consolidated Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies

Organization and Nature of Operations

Covad Communications Company was organized in October 1996. On July 16, 1997, Covad Communications Group, Inc. (the "Company") was incorporated in the state of Delaware. Simultaneous to the Company's incorporation, an exchange agreement was executed which effectively made Covad Communications Company a wholly-owned subsidiary of the Company.

The Company is a packet-based Competitive Local Exchange Carrier ("CLEC") which provides high-speed data communication services using Digital Subscriber Line ("DSL") technology. The Company's services enhance remote access from homes to enterprise Local Area Networks ("LANs") and enable Internet Service Providers ("ISPs") to offer high speed Internet access to their end-users. The Company's services are provided over standard copper telephone lines at considerably faster speeds than available through a standard modem. The Company markets its services directly to enterprises (corporations, government entities, and educational institutions) that are increasingly emphasizing remote LAN access to improve employee productivity and reduce operating costs. The Company also markets its services indirectly through ISPs that wish to sell high-speed Internet access to small- and medium-sized businesses and subsequently consumers, using the Company's DSL lines.

The Company's operations are subject to significant risks and uncertainties including competitive, financial, developmental, operational, growth and expansion, technological, regulatory, and other risks associated with an emerging business.

Summary of Significant Accounting Policies

A. Basis of Presentation

The consolidated financial statements of the Company include the accounts of all of its wholly-owned subsidiaries. There were no intercompany accounts and transactions which required elimination.

The accompanying statements of operations, stockholders' equity, and cash flows includes \$50,000 received during 1996 upon issuance of the initial capital stock of the Company and \$2,000 expended in 1996 for general and administrative expenses.

Covad Communications Group, Inc.

Notes to Consolidated Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

B. Revenue Recognition

Revenue related to installation of service and sale of customer premise equipment is recognized when equipment is delivered and installation is completed. Revenue from monthly recurring service is recognized in the month the service is provided. Payments received in advance of providing services are recorded as unearned revenue until the period such services are provided.

C. Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less from the date of original issuance are considered to be cash equivalents.

D. Restricted Cash

The Company has \$210,000 in commercial deposits held in the Company's name but restricted as security for certain of the Company's capital lease arrangements. This amount is reflected in other assets.

E. Inventories

Inventories are stated at the lower of cost or market. Costs are based on the first-in first-out method.

F. Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the following estimated useful lives:

Leasehold improvements	15 years or life of the lease
Electronic communications equipment	5 years
Furniture and fixtures	7 years
Computer equipment	3 years
Office equipment.....	2 to 10 years
Computer software	3 to 7 years

Covad Communications Group, Inc.

Notes to Consolidated Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

F. Property and Equipment (continued)

The Company capitalizes internally and externally developed software and other network costs associated with the design and implementation of the Company's network. The Company expects to incur significant network costs in the future.

G. Equipment Under Capital Leases

The Company leases certain of its equipment and other fixed assets under capital lease agreements. The assets and liabilities under capital leases are recorded at the lesser of the present value of aggregate future minimum lease payments, including estimated bargain purchase options, or the fair value of the assets under lease, whichever is less. Assets under capital lease are amortized over the lease term or useful life of the assets.

H. Income Taxes

From January 1, 1997 to June 30, 1997, Covad Communications Company was an S Corporation under the provisions of the Internal Revenue Code. Effective June 30, 1997, Covad Communications Company terminated its S Corporation status and became a C Corporation, and on July 16, 1997 Covad Communications Company became a wholly-owned subsidiary of the Company. Under S Corporation provisions, income or losses of Covad Communications Company were reported by the stockholders on their individual federal and state income tax returns, and Covad Communications Company did not pay income taxes or receive income tax benefits.

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes" which provides for the establishment of deferred tax assets and liabilities for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. As of December 31, 1997, the Company has deferred tax assets related to federal and California net operating loss carryforwards of approximately \$700,000 and \$120,000, respectively. The net deferred tax asset has been fully offset by a valuation allowance. The federal and California net operating loss carryforwards of \$2,062,000 expire in 2012 and 2003, respectively. Utilization of the net operating losses is subject to a substantial annual limitation provided by the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization.

Covad Communications Group, Inc.

Notes to Consolidated Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

I. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

J. Fair Value of Financial Instruments

SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," as amended by SFAS No. 119, "Disclosures About Derivative Financial Instruments and Fair Value of Financial Instruments," which are effective for the Company's December 31, 1997 financial statements, requires disclosure of fair value information about financial instruments whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available for identical or comparable financial instruments, fair values are based on estimates using the present value of estimated cash flows or other valuation techniques. The resulting fair values can be significantly affected by the assumptions used, including the discount rate and estimates as to the amounts and timing of future cash flows.

The following methods and assumptions were used to estimate the fair value for financial instruments:

Cash and cash equivalents. The carrying amount approximates fair value.

Borrowings. The fair value of borrowings, including capital lease obligations and other obligations, is estimated by discounting the future cash flows using estimated borrowing rates at which similar types of borrowing arrangements with the same remaining maturities could be obtained by the Company. For borrowings outstanding at December 31, 1997, fair value approximates recorded value.

2. Borrowing Arrangements

During 1997, the Company entered into capital lease arrangements to finance the acquisition of certain operating assets, two of which have bargain purchase options. The principal value of these leases totaled \$831,000 and was equivalent to the fair value of the assets leased.

Covad Communications Group, Inc.

Notes to Consolidated Financial Statements (continued)

2. Borrowing Arrangements (continued)

Future minimum lease payments under capital leases are as follows:

Year ending December 31,	<u>Capital Leases</u>
1998	\$ 339,000
1999	322,000
2000	285,000
2001	26,000
2002	-
Thereafter	-
	<u>972,000</u>
Less amount representing interest	(189,000)
Less current portion	<u>(229,000)</u>
Total long-term portion	<u>\$ 554,000</u>

Accumulated amortization for equipment under capital leases is reflected in accumulated depreciation and amortization for property and equipment.

3. Operating Leases

The Company leases vehicles, equipment, and office space under various operating leases. Future minimum lease payments at December 31, 1997 are as follows:

	<u>Total</u>
1998	\$ 405,000
1999	264,000
2000	65,000
2001	62,000
2002	65,000
Thereafter	364,000
Total	<u>\$1,225,000</u>

Rental expense on operating leases for the year ended December 31, 1997 was \$131,000.

Covad Communications Group, Inc.

Notes to Consolidated Financial Statements (continued)

4. Other Assets and Other Liabilities

On December 30, 1997, the Company entered into a capital lease agreement (see Note 2) with a principal balance of \$316,000. As of December 31, 1997, this amount had not yet been received into the Company's bank account and is, therefore, included as part of other current assets on the balance sheet.

5. Stockholders' Equity

Covad Communications Company

In October 1996, Covad Communications Company was granted authority to issue up to 10,000,000 shares of stock. In May 1997, the shareholders of Covad Communications Company voted to amend the articles of incorporation granting authority to issue two classes of stock to be designated "Preferred Stock" and "Common Stock". The number of shares of Preferred Stock authorized was 7,500,000 shares with no par value. The number of shares of Common Stock authorized was 12,500,000 shares with no par value.

In July 1997, the Company entered into an Exchange Agreement (the "Agreement") with the shareholders of Covad Communications Company to convey to the Company 100% of the issued and outstanding shares of capital stock of Covad Communications Company for capital stock of the Company.

Covad Communications Group, Inc.

Common Stock:

Upon formation of the Company in July 1997, the number of shares of common stock ("Common Stock") authorized for issuance was 25,000,000 with a par value of \$.001 per share. As of December 31, 1997, 3,787,068 shares were issued and outstanding.

Preferred Stock:

Upon formation of the Company in July 1997, the number of shares of preferred stock authorized for issuance was 5,916,667. Of this amount, 250,000 shares were designated as Series A Preferred Stock ("Series A") and 5,666,667 shares were designated as Series B Preferred Stock ("Series B"), each with a par value of \$.001 per share. As of December 31, 1997, 250,000 and 5,666,667 shares of Series A and Series B, respectively, were issued and outstanding.

Covad Communications Group, Inc.

Notes to Consolidated Financial Statements (continued)

5. Stockholders' Equity (continued)

The holders of Series A and Series B are entitled to receive in any fiscal year, dividends at the rate of \$0.05 per share and \$0.12 per share, respectively, payable in preference and priority to any payment of dividends on Common Stock. The rights to such dividends are cumulative and accrue to the holders to the extent they are not declared or paid and are payable only in the event of a liquidation, dissolution or winding up of the Company, or other liquidity event (as defined in the Certificate of Incorporation). The cumulative dividends at December 31, 1997 for Series A and Series B were \$12,500 and \$680,000, respectively, none of which has been declared or paid.

Subject to certain adjustments as set forth in the Certificate of Incorporation, each share of Series A and Series B is convertible into one share of Common Stock. Each share of Series A and Series B is entitled to the number of votes equal to the number of shares of Common Stock in which such shares of Series A and Series B, respectively, could be converted.

In the event of any liquidation or dissolution or winding up of the Company, either voluntary or involuntary, the holders of Series A and Series B are entitled to receive, in addition to the cumulated and unpaid dividends, \$1.00 and \$1.50 per share, respectively (the "Initial Preference"), until a "Liquidation Preference Threshold" is met based on a formula as set forth in the Certificate of Incorporation. After payment of these preferences, any remaining amounts are distributed to the holders of Series A, Series B, and Common Stock on a pro rata basis based on the number of shares of Common Stock held by each holder on an as-converted basis. If the "Liquidation Preference Threshold" is met, the Initial Preference is eliminated and all amounts are distributed to the holders of Series A, Series B, and Common Stock on a pro rata basis based on the number of shares of Common Stock held by each holder on an as-converted basis.

6. Stock Options

In 1997, the Company adopted the Covad Communications Group, Inc. 1997 Stock Plan (the "Plan"). The Plan provides for the grant of stock purchase rights and options to purchase shares of Common Stock to employees and consultants from time to time as determined by the Board of Directors. The options expire from two to eight years after the date of grant. The Plan has reserved 1,756,750 shares of the Company's Common Stock for sale and issuance under the Plan at prices to be determined by the Board of Directors.

Covad Communications Group, Inc.

Notes to Consolidated Financial Statements (continued)

6. Stock Options (continued)

The following is a summary of the status of stock options outstanding at December 31, 1997:

Exercise Price Range	Options Outstanding			Options Exercisable	
	Number of Shares	Weighted-Average Life Remaining	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
\$0.10	751,750	7.3 years	\$0.10	89,917	\$0.10
\$0.15	516,500	7.8 years	\$0.15	500	\$0.15
	<u>1,268,250</u>	7.5 years	\$0.12	<u>90,417</u>	\$0.10

The following table summarizes stock option activity for the year ending December 31, 1997:

	Number of Shares of Common Stock	Option Price per Share
Balance as of December 31, 1996.....	-	N/A
Granted	1,281,250	\$0.10 - \$0.15
Exercised.....	(2,000)	\$0.10
Forfeited.....	(11,000)	\$0.10 - \$0.15
Balance as of December 31, 1997.....	<u>1,268,250</u>	<u>\$0.10 - \$0.15</u>

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB 25") and related interpretations in accounting for its employee stock options and the disclosure only provisions of SFAS No. 123, "Accounting and Disclosure of Stock-Based Compensation," ("SFAS 123"). Under APB 25, if the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation is recognized. No compensation expense was recorded for the year ended December 31, 1997.

SFAS 123 encourages, but does not require, companies to recognize compensation expense for stock options based on a fair value method of accounting using valuation models designed for traded options. Had the Company applied the provisions of SFAS 123 to the results of operations for the Company, net earnings would not have been materially different from those reported.

Covad Communications Group, Inc.

Notes to Consolidated Financial Statements (continued)

7. Year 2000 Compliant (Unaudited)

The Company is engaged in the development of information systems to manage various aspects of the Company's operations. All of these information systems will be in compliance with year 2000 requirements.

8. Subsequent Event (Unaudited)

Subsequent to December 31, 1997, the Company obtained a \$1.5 million revolving line of credit from a bank for general and corporate purposes. The Company has borrowed \$1 million against this line which is the total currently available to the Company under the terms of the line of credit agreement. The annual interest rate charged on the outstanding balance is the bank's prime rate plus 0.5%. The line of credit expires in July 1999.

ATTACHMENT G

Managerial and Technical Capability

DIECA is managerially and technically qualified to provide facilities-based and resold intraexchange and interexchange services in the State of New Jersey. DIECA's affiliated company, Covad Communications Company, provides facilities-based telecommunications services as a competitive local exchange carrier in California, and both are certified to do so in eight other states. Attached hereto as is a description of the management experience of DIECA's key personnel, demonstrating that DIECA has sufficient telecommunications managerial experience to provide the proposed services. Furthermore, by employing state-of-the-art technology, DIECA's services will be equal, if not superior, in quality to the services of other certificated telecommunications service providers.

Attached hereto as Exhibit H is a description of DIECA's business and network development plan. DIECA will fundamentally use the same network design and engineering to provide services in Florida that affiliated Covad Communications Company has developed successfully in California. Its engineering and operational personnel include individuals who have previously worked for such companies as MCI, MFS, Pacific Bell, Intel, CISCO and BBN. The foregoing demonstrates that DIECA has the requisite technical experience to provide the proposed services.

EXHIBIT G

Description of Core Management Team

Charles J. McMinn

Charles McMinn has over twenty years of experience in creating, financing, operating, and advising high technology companies

In the last several years he has focused almost exclusively on information technology and communications businesses. During this time Mr. McMinn wrote the business plan, developed the financial plan and was the first outside investor in Internet in a Mall, an Internet Service Provider in Tarzana, California that has grown to over twenty thousand subscribers in one year. Mr. McMinn also rewrote the operating plan, provided strategic planning assistance and invested in The Fourth Network, Inc., a company which designs, installs, and operates Internet access servers for hotel guests.

Through consulting work with Gemini Consulting, Regis McKenna, Inc., and his own consulting business, Cefac Consulting, Mr. McMinn has also provided advice to large information technology companies. Mr. McMinn lead a team of consultants to define a strategy for Lucent, Intel and Broadband Technologies to accelerate the deployment of Fiber to the Curb technology by the Regional Bell Operating Companies. He also provided advise to Ameritech on the market and business strategy for Asynchronous Digital Subscriber Loop (ADSL) data services. Mr. McMinn also developed the strategy and business economics for a Satellite Multimedia Data Delivery Service for a Fortune 25 technology company, defined a spinout business opportunity for a company with Digital Simultaneous Voice and Data (DSVD) modem technology and recommended a new product strategy for the high speed video networking subsidiary of a large graphics company.

Mr. McMinn's prior consulting work also included providing general management, new product planning and engineering strategy help for a market leading desktop video editing equipment company. and defining marketing strategy, determining market segmentation and conducting marketing focus groups for a startup desktop video teleconferencing company employing wavelet technology.

Mr. McMinn also has extensive operating experience in high technology companies. From 1992 to 1993 Mr. McMinn was the first President and CEO of Visioneer Communications. He joined this four-person seed funded company investigating new data input devices for personal computers. He focused the company's strategy through over 50 end customer feedback meetings, wrote the Business Plan, raised \$5.5M in venture capital, hired 4 vice presidents, grew the organization to 20 people in six months and secured a manufacturing partner for the company. Visioneer Communications had its Initial Public Offering (IPO) in December, 1995.

Mr. McMinn has also held marketing and engineering roles in Silicon Valley companies including Director of Engineering and Director of Marketing for Megatest Corporation, a venture backed startup in the Semiconductor Test Equipment business. Mr. McMinn began his Silicon Valley career as the product manager of the 8086 microprocessor at Intel Corporation. While at Intel Mr. McMinn also served in several other Strategic Planning and Marketing Management roles.

Mr. McMinn also has extensive venture capital experience in financing Silicon Valley startups. From 1986 to 1992 Mr. McMinn was a General Partner at InterWest Partners, a venture capital partnership located in Menlo Park, CA. While at InterWest Mr. McMinn was responsible for all aspects of the venture capital investment process for early stage technology companies. Mr. McMinn identified and invested in six high technology startups that returned over \$25M in profit. He participated actively in all six investments, serving on the Board of Directors of five. He served as the lead investor and board member in Radius, Inc., the first Macintosh graphics and desktop video company. Radius grew from less than \$1M to over \$150M and a successful public offering. Mr. McMinn participated in the decision process for all InterWest III and IV investments, a 60 company portfolio that has returned over \$150M in realized capital gains.

Mr. McMinn is now a Director and the President and Chief Executive Officer of Covad Communications Company and DIECA.

Mr. McMinn graduated magna cum laude from Brown University in 1974 with a BSEE. He received his MSEE from Syracuse University in 1976, and his MBA from Harvard Business School in 1978, where he was a Baker Scholar graduate.

Dhruv Khanna

Dhruv Khanna has been a practicing attorney for more than 10 years, specializing in telecommunications law, regulation and public policy as well as business transactions involving the Regional Bell Operation Companies (RBOCs) and other telecommunications companies. He has represented such clients as Cable & Wireless, Intel Corporation, McCaw Cellular Communications, Southern Pacific Telecom, and Teleport Communications Group at more than 10 different state regulatory commissions, the Federal Communications Commission and the OFTEL. Mr. Khanna's communications law practice has included landline and wireless service issues and has involved local and long distance service providers. His practice has included efforts to open telecommunications markets to competition, obtain certificates and interconnection arrangements for local exchange competitors.

In addition to telecommunications matters, Mr. Khanna's practice has included both civil litigation and commercial transactions. His litigation experience has included prosecuting fraud, breach of contract, and tort cases for individuals, small and large businesses, and prosecuting, and defending against, appeals at the California Supreme Court and other courts. His transactional experience has included drafting and negotiating agreements with such companies as AT&T, Bell Atlantic, BellSouth, Compaq, Ericsson, IBM, NEC, NYNEX, Pacific Bell, and U S WEST. In addition, his transactional experience includes start-up company practice and commercial transactions that run the gamut from purchase and sales, co-marketing and technology licensing agreements.

Mr. Khanna was involved in efforts on behalf of Intel Corporation to shape various provisions of the Federal Telecommunications Act of 1996. He has been at the forefront of computer industry and consumer group efforts against ISDN rate increases proposed by various RBOCs. Mr. Khanna has been Senior Communications Attorney at Intel Corp., and has also been the counsel for Intel's faxmodem, videoconferencing and Internet-related product lines. He has been the counsel for Intel's Corporate Business Development group, focusing on business arrangements involving the RBOCs and business opportunities created by the Telecommunications Act of 1996.

Mr. Khanna graduated from Dartmouth College in 1983, obtaining a Bachelor of Arts degree, with a double major in Economics and Government. He graduated from Stanford Law School with a JD in 1986. Mr. Khanna was previously an associate at Morrison & Foerster.

Mr. Khanna is now the General Counsel and Vice President of Covad Communications Company and DIECA.

Partial list of Mr. Khanna's conference appearances and publications:

1. **University of Oregon School of Law, Innovation and the Information Environment Conference, "Structural Regulation of the Telecommunications Industry: National and International Consequences of a Global Network."** Eugene, Oregon, November 3, 1995.
2. **ALTS Conference. "The CLEC Industry's Opportunities to Serve the Unmet Demand for High-Bandwidth Services."** San Francisco, May 2, 1996.
3. **Telecommunications Reports Conference, "The Economic, Technical and Regulatory Aspects of Interconnection."** Washington D.C., June 18, 1996.
4. **One ISPCON. "Telco Regulation: Boon or Bust for ISPs."** San Francisco, August 9, 1996.
5. **Next-Generation Telephony, Telecommunications Reports Conference. "The Internet and Telecom Regulatory and Policy Issues,"** Washington, D.C., October 24, 1996
6. **Oregon Law Review, Spring 1996, Vol. 75, No. 1. "The Public's Need for More Affordable Bandwidth: The Case for Immediate Regulatory Action."** Dhruv Khanna and Bruce M. Aitken.

Chuck Haas

Chuck Haas was at Intel Corporation for over fourteen years. He has been a Manager with Intel's Corporate Business Development, focusing on opportunities in the broadband computer communications area. He has been responsible for creating new business initiatives and establishing externally focused business relationships in the field of residential broadband connections to the PC; from the formation of strategic alliances with major corporations to equity participation in early stage companies. He has played a principal role in the development of the company's Residential Broadband strategy for telephone and satellite companies (xDSL/Fiber-to-the-Curb and satellite modems). He has been involved in market and technical trials with cable modems, and the full range of computer communications hardware and infrastructure from POTS modems, to ISDN and beyond.

On behalf of Intel, Mr. Haas negotiated the conduct of a market trial for cable modems with BellSouth, and has otherwise had significant experience in negotiating agreements with communication service providers including cable system operators such as Continental Cablevision, Cox and Comcast. He has also had significant experience in negotiating a variety of commercial agreements with small and large vendors of telecommunications equipment vendors such as Lucent Technologies and Hybrid Networks. Mr. Haas was involved in design wins for Intel's semiconductor products into virtually all state-of-the-art communications equipment, including: wireless switches, 5ESS central office switches, 4ESS toll office switches, digital cross-connects, PBXs and SONET lightwave transmission equipment.

Mr. Haas joined Intel in 1982 as a Technical Sales Engineer, moving two years later to the position of Field Applications Engineer. In 1986 he became Sales Engineer for the AT&T account. Mr. Haas was named District Sales Manager for the AT&T account in 1990.

In 1993 he was appointed Manager of Intel's NCCI (New Computer and Communication Industry) programs reporting to Intel Senior Vice President of Corporate Strategy, prior to assuming his current position in 1995.

Mr. Haas graduated from Virginia Tech with a Bachelor of Science degree in Computer Science in 1982.

Mr. Haas is the Vice President of Marketing and Sales of Covad Communications Company and DIECA.

Partial list of Mr. Haas' conference appearances:

1. National Communications Forum. "Intranet: The Company Network of Choice" Chicago, October 16, 1996
2. SuperComm '96, Executive Panel. June 25, 1996

3. SuperComm '96. "Unraveling Residential Broadband". June 26, 1996.
4. SuperComm '96. "The Connected PC: User Platforms for Megabit Copper Access Networks". June 26, 1996
5. Paul Kagen Conference. 1995

Thomas J. Regan

Thomas J. Regan is the Director of Collocation Operations of Covad Communications Company and DIECA. Prior to joining Covad, Mr. Regan was employed at Pacific Bell for 27 years. At Pacific Bell, his most recent position was Expanded Interconnection Service Product Manager, reporting to the Executive Director. In this capacity, Mr. Regan managed a 300% increase in interconnection service requests in 1996. He was responsible for the statewide management of Pacific Bell's offering and implementation of physical collocation by Competitive Local Exchange Carriers (CLECs) of their own CLEC equipment in Pacific Bell's Central Offices.

Mr. Regan directed Pacific Bell's collocation teams involving personnel from Pacific Bell's Operations, Engineering, Real Estate and Security departments. He prepared Pacific Bell's complete market financial package for the FCC's and CPUC's regulatory approvals on each request for new Central Offices and new interconnection products, as well as related tariffs. In addition, Mr. Regan managed Pacific Bell's collocation and billing and account crediting process for collocating CLECs.

Prior to commencing his role as product manager for collocation and expanded interconnection at Pacific Bell, Mr. Regan was a senior engineer for Pacific Bell responsible for a variety of large-scale network engineering projects. He participated in the deployment of new switch-based products and developed new processes to facilitate the introduction of new products throughout the Bay Area.

His significant projects include leading the implementation of 15 major Advance Digital Technology projects; coordinating the engineering and provisioning of customer requests for large Centrex, Centrex-IS, PRI ISDN, Voice Mail, SDS 56 and other tariffed products; and coordinating Pacific Bell's engineering and operations activities to deploy major new network products, serving as the Network Technology Department's point of contact for field trials and first office applications of new switch technology.

In addition, Mr. Regan previously served as Pacific Bell's Service Manager for Bank of America's account in San Francisco between 1986 and 1990. He was responsible for ensuring Bank of America's satisfaction with all voice and data services which included 63 data networks, three data centers, two alarm centers, a merchant services center, a business service center and a money transfer center. He completed several key voice and data projects for Bank of America, including the six phase ATM, alarm consolidation, point-of-sale transfer, circuit inventory, identification and rehome for north and south locations, fiber surveillance, and ADN on the California Data Network, and reduced error rates on the Bank of America voice network and converted it from analog to digital statewide, and improved its point of sale network capabilities and efficiency.

Prior to 1986, Mr. Regan's positions at Pacific Bell included the following: Customer Service Supervisor; Division Staff Training Facilitator; Distribution Services, Installation and Prewire Supervisor; and Distribution Services Cutover Supervisor.

ATTACHMENT

Technical Capability

DEPOSIT
D 8 1 7

DATE
JUL 23 1998



July 22, 1998

VIA OVERNIGHT DELIVERY

Florida Public Service Commission
Division of Communications
Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Application of DIECA Communications, Inc.

Dear Sir or Madam:

Enclosed for filing are an original and six (6) copies of the Application of DIECA Communications, Inc. ("DIECA") for a Certificate of Authority to provide local exchange service in the State of Florida.

Exhibit E of DIECA's Application is confidential and to be filed under seal, not for public disclosure.

Please date stamp the enclosed extra copy of this filing and return it in the self addressed, stamped envelope provided. Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Respectfully Submitted,

Bela A. Gary
Bela A. Gary
Carrier Relations Counsel

COVAD COMMUNICATIONS COMPANY
3560 BASSETT STREET
SANTA CLARA, CA 95054
(408) 490-4500

SILICON VALLEY BANK
SANTA CLARA, CA 95054
90-4039/1211

16809

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Florida Public Service Commission

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