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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

Docket No. 07A-440T

IN THE MATTER OF THE APPLICATION OF AMERICAN WARRIOR NETWORKS, LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES AND IN THE MATTER OF AMERICAN WARRIOR NETWORKS, LLC FOR A LETTER OF REGISTRATION TO PROVIDE EMERGING COMPETITIVE TELECOMMUNICATIONS SERVICES.

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STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement (“Stipulation”) is entered into by and between Staff of the Colorado Public Utilities Commission (“Staff”) and American Warrior Networks, LLC (AWN). Staff and AWN collectively are referred to as Parties, and individually as Party.

INTRODUCTION AND BACKGROUND

1. American Warrior Networks, LLC is a limited liability company with its principal office located at 4400 PGA Boulevard, Suite 902, Palm Beach Gardens, Florida 33410.
2. On November 17, 2007, AWN initiated this docket by filing its Application for Certificate of Public Convenience and Necessity (CPCN) to Provide Local Exchange Telecommunications Services and its Application for a Letter of Registration to Provide Emerging Competitive Telecommunications Services (Applications).
3. Staff timely filed its Notice of Intervention in this matter on December 18, 2007. Staff is the only intervener in this Docket.
4. The Parties now stipulate and agree that the Commission should approve the Application on the terms set forth in this Stipulation.

TERMS OF STIPULATION AND SETTLEMENT

5. Pursuant to Section 40-15-503.5, C.R.S., AWN shall maintain a bond for a period of three (3) years from the date that its initial tariff to provide regulated telecommunications service to any customer in Colorado becomes effective, which shall occur after the CPCN becomes effective. Such bond shall be in the amount of \$60,000 for a period of three years and may be renewed annually by AWN if the duration of the initial bond is for less than a period of three (3) years. The amount of the bond is based and calculated on the limited provisioning of service within the boundaries of Fort Carson, which is in the Colorado Springs Exchange. In addition to the specified service territory, no deposits or prepayments will be collected from customers and only residential service will be offered. Concurrent with the filing of an Advice Letter and initial tariff to provide such telecommunications services in Colorado, AWN shall file with the Commission a verified statement, signed by an officer of AWN, attaching the original and two copies of the bond to the verified statement. The beneficiary of the bond shall be the Colorado Public Utilities Commission.

6. The formula used to calculate the amount of the bond is attached to this Stipulation as Exhibit A and incorporated herein.

7. The issuer of the bond shall be rated "Secure" by A.M. Best Company, Inc.

(a)

8. The monies from the bond shall be disbursed as set forth in this paragraph in the event of the issuance of an order by the Commission resulting from a formal complaint pursuant to paragraph 14 below. Disbursement shall be made on a percentage basis, which percentages are included in Exhibit A. Disbursement of the bond shall be made as described below:

a. To funds mandated by the Commission and Colorado statute, including the Colorado High Cost Support Mechanism, the Low Income Telephone Assistance Program, the Fixed Utilities Fund, 9-1-1, and the Telecommunications Relay Service;

b. To wholesale telecommunications provider(s), specifically for services provided to AWN for which payment has not yet been received on undisputed amounts; and for the wholesale telecommunications provider's costs of providing notice to customers if AWN fails to do so due to AWN's discontinuance of providing service, after verification of those costs by Staff; and

c. For Commission-incurred costs for items including, but not limited to, notices mailed by the Commission or the designated default provider if AWN discontinues service and fails to mail notice to customers, as required by 4 Code of Colorado Regulations (CCR) 723-2-2108 (Rule 2108); any Commission-incurred costs associated with the transitioning of customers to another provider; and any Commission-incurred bankruptcy court costs.

9. At any time any portion of the bond is disbursed, AWN shall obtain an addition to the current bond or a new bond for the amount required based on the formula set forth in Exhibit A.

10. AWN shall be considered in default of the bond in the following circumstances:

a. If AWN

i. untimely (late by more than thirty (30) calendar days which period shall begin on the first day after the due date) remits or fails to remit payments to statutory funds (including the Colorado High Cost Support Mechanism, the Low Income Telephone Assistance Program, the Fixed Utilities Fund, 9-1-1, and the Telecommunications Relay Service);

ii. untimely remits or fails to submit undisputed payments to wholesale providers; and

b. untimely files or fails to file Commission-required reports including, but not limited to:

- i. annual reports;
- ii. verified statements of bond renewal or modification;
- iv. and/or violation of any Commission rules concerning regulated telecommunication providers.

11. Occurrence of any or all of the items described in Paragraph No. 13(a) and (b) above shall be cause for Staff to request that the Commission issue a formal complaint concerning the actions of or failure to act by AWN as well as to make recommendations to the Commission concerning AWN's bond and the status of AWN's CPCN. In the event the Commission issues an order resulting from a formal complaint that finds AWN is in breach of any or all of the items described in Paragraph No. 13(a) and (b) above, the Commission may authorize its representatives to draw on the bond. No demand for a draw on the bond shall be honored by the issuing bank, absent an order resulting from a formal complaint issued by the Commission authorizing its representative to draw on the bond.

12. AWN agrees that it will not discontinue service to customers for any reason unless the Commission has granted its application to discontinue pursuant to Rule 2108. For so long as AWN is obligated to provide the bond, in the event that AWN files an application pursuant to Rule 2108, AWN shall file with the Commission, and serve a copy on Staff, the following: (a) the number of residential lines affected by such discontinuance; (b) a customer list, including the name, address and telephone number of each customer; (c) the amount of any refund due to each individual customer for payment of

service not received by the customer; and (d) the identity of all underlying providers supporting the regulated telecommunications services affected by such discontinuance.

13. AWN expressly acknowledges that, in accordance with Section 40-5-105, C.R.S. (2004), as amended, it cannot sell, assign, or otherwise transfer its Colorado assets that are used in the provision of regulated telecommunications services, including, without limitation, Billing Account Numbers, customers, Interconnection Agreements, and its CPCN, without first having obtained Commission approval.

14. In this docket, AWN shall provide Staff notice, within thirty days' of its execution, of any agreement between AWN and a third party for the provision of marketing, customer service, or customer acquisition services in connection with AWN's regulated telecommunications service in Colorado. If such third party agreement is entered into with a party that is affiliated with AWN and over whom AWN exercises substantial oversight, AWN shall provide notice of such agreement within seven (7) days of its entry into the agreement. This requirement does not include employment agreements with AWN employees who may be hired to perform inside sales, marketing or customer service or acquisition activities.

15. For the three (3) year period that AWN is required to maintain a bond pursuant to Paragraph No. 5, above, AWN shall file a report with the Commission in writing within ten (10) calendar days of any of the following occurrences in connection with the regulated telecommunications services provided by AWN or one of its regulated affiliates:

- a. Assessment of civil penalties by any court or regulatory body;
- b. Assessment of criminal penalties by any court or regulatory body;
- c. Injunctive relief awarded by any court or regulatory body;
- d. Any corrective action taken by any court or regulatory body;

e. Any refund of more than one hundred dollars (\$100) in any individual case, or any refund of two hundred fifty dollars (\$250) or more to any class of customers awarded by any court or regulatory body;

f. Reparations to any party awarded by any court or regulatory body;

g. Initiation of a show cause or formal complaint proceeding by any court or regulatory body;

h. Initiation of disciplinary proceedings by any court or regulatory body, including proceedings to limit or to place restrictions on any authority to operate a CPCN or offer any service;

i. Refusal to grant authority to operate or provide a service by any court or regulatory body;

j. Revocation of authority to operate or to provide a service by any court or regulatory body;

k. Voluntary surrender of any certificate or authority to operate in lieu of any action by a court or regulatory body; or

l. Any combination of the foregoing sanctions, penalties, corrective actions, or other proceedings.

16. If AWN fails to perform any or all of the obligations set forth in this Stipulation including, but not limited to, failing to obtain and maintain a bond according to the terms outlined in this Stipulation and/or fails to timely report to the Commission any events set forth in Paragraph 18 above, Staff shall consider AWN to have breached this Stipulation. In that event, Staff may request that the Commission issue a formal complaint to determine whether the Commission should take action against AWN's CPCN. In the event the Commission issues an order resulting from a formal complaint

that finds AWN is in breach of any or all of the obligations set forth in this Stipulation, the Commission may authorize its representatives to draw on the bond. No demand for a draw on the bond shall be honored by the issuing bank, absent an order resulting from a formal complaint issued by the Commission authorizing its representative to draw on the bond.

GENERAL SETTLEMENT TERMS AND CONDITIONS

17. This Stipulation is made for settlement purposes only. No Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly incorporated in this Stipulation. Furthermore, this Stipulation does not constitute agreement, by any Party, that any principle or methodology contained within this Stipulation may be applied to any situation other than the above-captioned case. No precedential effect or other significance, except as may be necessary to enforce this Stipulation or a Commission order concerning the Stipulation, shall attach to any principle or methodology contained in the Stipulation.

18. AWN expressly acknowledges that if, in the future, it wishes to provide telecommunications service(s) in any geographic area other than within the boundaries of Fort Carson, it shall file an Advice Letter, consistent with Commission rules, seeking such authorization from the Commission and that said Advice Letter will clearly identify the proposed expanded service area.

19. This Stipulation shall not become effective until the Commission issues a final order approving the Stipulation, which order does not contain any modification of the terms and conditions of this Stipulation that is unacceptable to the Parties hereto. In the event the Commission modifies this Stipulation in a manner unacceptable to either Party, that Party shall have the right to withdraw from this Stipulation and proceed to hearing on some or all of the issues that may be appropriately raised by that Party in this Docket under a new procedural schedule. The withdrawing Party shall notify the Commission and the other Party to this Stipulation in writing within ten (10) days of the date of the

Commission order that the Party is withdrawing from the Stipulation (Notice). A Party who properly serves a Notice shall have and be entitled to exercise all rights the Party would have had in the absence of the Party's agreeing to this Stipulation.

20. In the event this Stipulation is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Stipulation shall not be admissible into evidence in this or any other proceeding. Moreover, in such an event, except as may be specifically provided for herein, neither anything said, admitted or acknowledged in the negotiations leading up to the execution of this Stipulation, nor the settlement terms and conditions contained herein, nor the Stipulation itself may be used in this or any other administrative or court proceeding by any of the Parties hereto, or otherwise.

21. The Parties state that they have reached this Stipulation by means of a negotiated process that is in the public interest, and that the results reflected in this Stipulation are just, reasonable, and in the public interest. Each Party pledges its support of this Stipulation and urges the Commission to approve same, without modification.

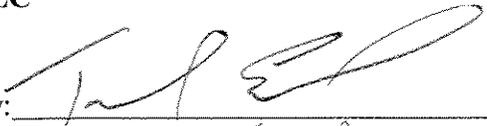
22. Except as otherwise specifically agreed in this Stipulation, nothing contained herein shall be deemed as constituting either a settled practice or precedent for the purposes of any other proceeding, and by entering into this Stipulation, no Party shall be deemed to have agreed to any specific principles of ratemaking. The Parties expressly reserve the right to advocate positions different from those stated in this Stipulation in any proceeding other than one necessary to obtain approval of, or to implement, this Stipulation or its terms and conditions. Nothing in this Stipulation shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Stipulation.

23. This Stipulation may be executed in separate counterparts, including facsimile. The counterparts taken together shall constitute the Stipulation and Settlement Agreement.

24. The signatories represent that the signatories to this Stipulation have full authority to bind their respective Parties to the terms of this Stipulation.

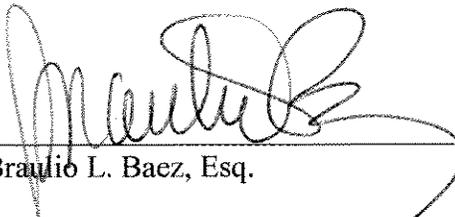
Dated this 29th day of January 2008.

**FOR AMERICAN WARRIOR NETWORKS,
LLC**

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EXHIBIT A

Bond

Calculation

Number of Customers: 1300

Average Revenue per customer per month: \$ 15.00 Monthly Revenue per customer

Fixed Utilities Fund (FUF): 1.433% of Intrastate revenues

911 Fund: \$0.50 per line per month

Colorado High Cost Support Mechanism (CHCSM): 2.7% of revenues

Low Income Fund: \$.00 per line per month

TRS Relay Fund: \$.07 per line per month

PUC Administrative Costs In the event CLEC does not perform customer transition obligations, calculated at \$1.87 per customer (rounded).

Prepayments assume each customer prepays one month of service (($\$15 \times 1$) $\times 1300$ customers)

Wholesale Supplier Regulatory Obligation, 2 months of service (($\$15 \times 2$) $\times 1300$ customers)

Customer deposits assume 10% of retail customers will need to place a 2 month deposit of \$30

Number of Customers	500	<u>% of Total</u>	
Annual Revenues	\$150,000		
FUF		3353	4%
911		7800	6%
CHCSM		6318	5%
Low Income		0	0%
TRS Fund		1092	1%
PUC Administrative Costs		2437	4%
Customer deposits		0	5% Not Applicable
Customer Prepayments		0	25% Not Applicable
Wholesale Supplier Obligation		<u>\$39,000</u>	<u>50%</u>
Total Deposit/BOND Requirement		\$60,000	100%

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