

Guy J Alvis
3525 NE 21st Avenue
Portland, OR 97212

July 1, 2005

Public Utilities Commission of Oregon
Attn: Filing Center
550 Capitol St. NE, #215
PO Box 2148
Salem, OR 97308-2148

RE: CP 1283/ Lightspeed Networks (LS Networks)
Response to Motion to Dismiss

I have reviewed the Motion to Dismiss filed on behalf of Lightspeed Networks, Inc. by Lisa F. Rackner. The Motion questions the relevance of my complaint to the issues the Commission must decide. In my letter of May 23, I identified that the telecommunications marketplace (and the public interest) might be damaged by creating unfair competition if the owners of a corporation (NoaNet Oregon) are allowed to transfer the assets to a new corporation (Lightspeed Networks, Inc.) while abandoning the liabilities owed by NoaNet Oregon through a veil of undisclosed transactions. I feel that it is not in the public interest for the PUC to accept or to facilitate this practice by granting a request for operating authority.

If the PUC does accept the application for operating authority of Lightspeed there is every indication that I will suffer a direct adverse affect caused by the refusal of the “new corporation”, Lightspeed, to pay amounts contractually owed to me (and, perhaps, to other creditors). I have provided an accounting of the amount that I am owed by NoaNet Oregon/ Lightspeed.

The Motion to Dismiss contains a number of misleading statements and omits reference to some key facts:

- As stated in my original letter of May 23, the owners of NoaNet Oregon and Lightspeed are substantively identical. The Motion is silent on my request for full disclosure of Affiliated Interests, so I assume that are not challenging the accuracy of my description of the ownership structure. Still, the PUC should require comprehensive disclosure of Affiliated Interests prior to consideration of approval for operating authority.
- The identical ownership structures is important because it appears that Lightspeed is unfairly extracting value from NoaNet Oregon beyond what it may be reasonably entitled under the original collateral agreements associated with the CFC loan. I have requested access to documents relating to the creation of Lightspeed and the assumption of the CFC Loan, but Lightspeed has steadily refused to provide this information. The PUC should request that these documents be made a part of the record.
- The Motion makes reference to a “contract agreeing to work with (sic) together” between NoaNet Oregon and LS Networks” (Lightspeed). Since the same interests control both corporations and the interests of creditors (such me) are not represented, one could question the even-handedness of such a contract. At the least, the PUC should require that this

agreement be made a part of the public record. Since an admitted effort is being made to transfer the assets of NoaNet Oregon to Lightspeed and leave the liabilities behind in NoaNet Oregon, the PUC should take an interest in whether NoaNet Oregon is being fairly compensated so that the interests of creditors (like me) can be properly addressed.

- The Motion states, “certain employees of NoaNet Oregon were hired by LS Networks”. This statement is potentially misleading. Some of the employees of NoaNet Oregon were offered continuation of employment on the condition that they relinquish any rights that they might have under employment agreements largely identical to mine. This is evidence that Lightspeed was aware that the employment agreements existed and were valid. The PUC should request copies of any agreements identifying conditions of employment of former NoaNet Oregon employees by Lightspeed.
- The statement is made that “Mr. Alvis had a contract with NoaNet Washington”. In fact, for the first year of its existence all of the employees of NoaNet Oregon were hired through a Management Agreement with NoaNet Washington. The employees and the employment agreements were assigned by NoaNet Washington and accepted by an official of NoaNet Oregon through a document entitled “Personnel Transition and Mutual Services Agreement”. Despite presentation of clear documentary evidence of the existence and validity of the agreement and proper assignment by NoaNet Washington and acceptance the agreement by NoaNet Oregon, the documentation included with my original letter shows evidence of the considerable efforts of Lightspeed to resist acknowledgement of my employment agreement with NoaNet Oregon. The PUC should notify NoaNet Washington (PUC ID# 7787) of Lightspeed’s assertion so that NoaNet Washington can respond appropriately.
- NoaNet Oregon was created and formed through the efforts of employees of NoaNet Washington under contract to the Board of Directors of NoaNet Oregon. I was specifically recruited and hired by NoaNet Washington to be “Chief Financial Officer Oregon” and coordinated the financing effort through the development of the CFC Loan (My job title was later changed while I was still an employee of NoaNet Washington). At the time I was hired I was an employee of the State of Oregon. Part of the reason I agreed to take on such a risky task was the provision of an employment agreement that assured that I would be treated fairly. Later, when NoaNet Oregon determined that it wanted to develop its own staff, my employment agreement was part of a “Personnel Transition and Mutual Services Agreement” signed by both NoaNet Washington and NoaNet Oregon.
- The Motion makes reference to “several other disputes related to his employment”. This is misleading. I have been very concise in my request that Lightspeed honor the commitments made to me in my employment agreement. The PUC should request that Lightspeed identify all known issues of dispute so that I may respond.
- The Motion states that my protest “speculates about NoaNet Oregon’s failure to pay its creditors”. I have requested information about the status of other creditors of NoaNet Oregon, but Lightspeed has denied this information. It would be a simple matter for Lightspeed to produce a schedule of outstanding liabilities on NoaNet Oregon so that we can all see who is being impacted by their actions. I suggest that the PUC request this information.

I have endeavored to resolve my concerns with Lightspeed in a quiet and respectful manner. As may be seen from the correspondence received from Lightspeed, my efforts have been harshly

rebuffed. By refusing to deal with me in a straightforward manner, I am being forced to seek other means of redress, including the Public Utility Commission.

Lightspeed is the successor to NoaNet Oregon in all material respects: same owners, same assets and same customers. Lightspeed is attempting to use the PUC process as part of a plan to transfer the customers and business relationships of NoaNet Oregon to Lightspeed while leaving behind the responsibility for the liabilities in a hollowed-out NoaNet Oregon. In so doing, Lightspeed will do harm to me and, potentially, other creditors. I ask that the PUC deny the Motion to Dismiss and withhold approval of operating authority until it is clear that the public interest would be served and not harmed by granting operating authority to Lightspeed.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Guy J Alvis", is written over a light blue horizontal line.

Guy J Alvis

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3525 NE 21st Avenue
Portland OR 97212
(503) 460-9467

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550 Capitol St. NE, Ste 215
Salem 97301-2551

Re: CP 1283/ Lightspeed Networks (LS Networks)
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I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-013-0070, to the following parties or attorneys of parties:

Warren Miller
Lightspeed Networks Inc
777 13th Street SE Suite 120
Salem OR 97301
wmiller@noanetoregon.net

Michael T Weirich
Department Of Justice
Regulated Utility & Business Section
1162 Court Street NE
Salem OR 97301-4096
michael.weirich@state.or.us

Lisa F Rackner
Ater Wynne LLP
222 SW Columbia Street Suite 1800
Portland OR 97201-6618
lfr@aterwynne.com

Dated at 5:00 PM this 1st day of July, 2005



Guy Alvis

Enclosure