

Mr. Guy J. Alvis
3525 NE 21st Avenue
Portland OR 97212

May 23, 2005

Mr. Dave Booth
Oregon Public Utilities Commission
550 Capitol St. NE, Ste 215
Salem 97301-2551

CP 1283/ Lightspeed Networks (LS Networks)

Dear Mr.Booth:

I am a former employee of Northwest Open Access Network Oregon (NoaNet Oregon). NoaNet Oregon terminated all employees without cause on April 5, 2005. Although most of the employees of NoaNet Oregon were paid in full for all the amounts that were owed to them and offered employment in a successor company, NoaNet Oregon has refused to pay me all of the compensation which had been agreed upon.

I have learned that the assets of NoaNet Oregon have been transferred into the name of Lightspeed Networks dba LS Networks. Although I have asked for information about the transfer, representatives of NoaNet Oregon and LS Networks have refused to provide me with any documents or specific information. Enclosed is a copy of a letter from me to LS Networks, and a response from its attorney. As you will see from that correspondence, the attorney initially falsely stated that NoaNet Oregon did not assume the obligations to me under my employment contract. When his false statement was pointed out, he then claimed that NoaNet Oregon's Board of Directors didn't approve the assumption. The attorney also threatened to sue me if I inquire with BPA regarding the status of a fiber optic license agreement.

Based upon the fragments of information which I have been able to collect, it appears that LS Networks has somehow obtained the assets of NoaNet Oregon and is seeking to transition the operations of NoaNet Oregon to LS Networks claiming that it has all of the rights under the license agreement between Bonneville Power and NoaNet Oregon. My reading of the license agreement indicates that it is not automatically assignable. The consent of Bonneville Power is required.

My purpose in writing to you is to ask that the Oregon Public Utility Commission not consent to an issuance, assignment or transfer of any certificates of authority or interconnection agreements until LS Networks has paid all of the debts of NoaNet Oregon. I believe that the primary assets of NoaNet Oregon include the certificate of authority, interconnection agreements and BPA license agreement. LS Networks should not enjoy the benefits of transitioning NoaNet Oregon customers unless it has paid all the creditors. It should not have the right to choose among creditors and have its attorneys attempt to bully creditors by threatening lawsuits.

LS Networks is not an "unrelated party" to NoaNet Oregon ID# 7922. The ownership structure of LS Networks and NoaNet Oregon is effectively identical:

- Central Oregon Electric Cooperative (Quantum Communications ID# 7884)
- Umatilla Electric Cooperative (Rural Services Company/ Power City Broadband ID# 8123)

Mr. Dave Booth

May 23, 2005

Page 2

- West Oregon Electric Cooperative (Columbia Braodband ID# 8068)
- Douglas Electric Cooperative (Douglas Services/ Douglas Fast Net ID# 7915)
- Hood River Electric Cooperative (CACHE ID# 7923)
- Coquille Economic Development Corporation (Tribal One /ORCA Communications ID# 7971)

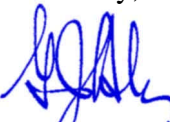
For all practical purposes, LS Networks is the direct successor to NoaNet Oregon. Because of the affiliation of the owners and directors of LS Networks with NoaNet Oregon and other Oregon Telecommunications Carriers, I ask that the Oregon Public Utilities Commission not issue a certificate of authority to LS Networks until full and complete disclosure of Affiliated Interests is provided as required by OAR 860-032-0001.

Allowing the owners of a corporation to avoid rightful payment of creditors through the veil of a series of undisclosed transactions initiated and controlled by the same parties creates unfair competition for other telecommunications service providers who are playing by the rules. The Public Utility Commission could damage the marketplace by authorizing a certificate of authority to LS Networks.

I do not know why I have been singled out as one of the few creditors who have not been paid. I do know that the normal process for foreclosure and public sale of assets does not appear to have taken place in this circumstance.

It is my understanding that the Public Utility Commission will be making a determination regarding whether to consent to issue a certificate of authority to LS Networks. It also is my understanding that LS Networks has been acting as if the NoaNet Oregon certificate of authority was owned by it for at least the past thirty (30) days and has been utilizing the facilities obtained through NoaNet Oregon's interconnection with Qwest without any payment to the creditors to NoaNet Oregon. Please either accept this letter as a formal objection to the issuance of a certificate authority to LS Networks, or provide me with the directions and forms necessary for me to submit an objection. Of course, assuming that the creditors of NoaNet Oregon, such as myself, are paid in full, then I would have no objection to the issuance of a certificate of authority.

Thank you for your consideration of this matter.

Sincerely,

Guy Alvis

Enclosure

EVES & WADE LLP

ATTORNEYS AT LAW

3236 S.W. Kelly Avenue, Suite 200

Portland, Oregon 97239-4679

(503) 227-6226

Fax (503) 227-4971

E-mail: eveswade@aol.com

Mark W. Eves
Ronald L. Wade

April 29, 2005

Mr. Al Gonzales, Chairman
LS Networks
Central Electric Cooperative
2098 N. Highway 77
Redmond, Oregon 97756

Re: Guy J. Alvis

Dear Mr. Gonzales:

This firm represents Mr. Guy J. Alvis. As you know, Mr. Alvis is a party to a document dated May 14, 2001, entitled "Executive Employment Agreement." Section 6.6 of that Agreement provides that if the employer terminates the employment of Mr. Alvis, the employer is required to continue the then current salary for seven (7) months. We are advised that Mr. Alvis' employment was terminated on April 5, 2005, without cause.

Mr. Alvis has advised us that Northwest Open Access Network Oregon assumed all of the obligations under the above Agreement. Recently Mr. Alvis was advised by Warren Miller that all of the assets and business operations of Northwest Open Access Network Oregon on your instructions have been acquired by; and transferred to, Light Speed Inc., which is also known as LS Networks.

Mr. Alvis has also been advised by Warren Miller of your firm that you personally are claiming that Mr. Alvis is not entitled to receive the above promised salary continuation. The justification offered by Mr. Miller for your claim is that the assets of Northwest Open Access Network Oregon have been somehow transferred to Light Speed/ LS Networks. Mr. Alvis has requested specific information regarding the transfer of assets and liabilities, but that information has been denied to him.

Based upon all information which is currently available, it appears to us that Light Speed/LS Networks has full successor liability to Northwest Open Access Network Oregon. Therefore, we respectfully must demand that the seven (7) months

Mr. Al Gonzales

April 29, 2005

Page 2

of salary continuation which is promised in Section 6.6 of the above Agreement be honored and paid.

Although we have not had any contact with any attorneys for your firm, we are advised by our client that the firm of Francis, Hanson & Martin, LLP, located at 1148 NW Hill Street, Bend, Oregon 97701-1914 may be representing Central Electric Cooperative or Light Speed. We do not know the name of the attorney at that firm. Nevertheless, we have provided a copy of this letter to that firm.

I have met with Mr. Alvis. I have been impressed with his personal integrity and his sincere wish that Light Speed/LS Networks be successful. As you may know, Mr. Alvis gave up a career with the State of Oregon, including all of the PERS retirement benefits and job security, in exchange for the rights which are in the above Agreement. The seven (7) months of salary continuation was a significant factor in his decision to leave the public sector and join the private sector. His dismissal without advance notice and without cause has been particularly harmful to Mr. Alvis and was unjustified.

We sincerely hope that we can reach a prompt and respectful accord on the continuation of his salary. In exchange for that, Mr. Alvis stands ready to be of any assistance which might be helpful in terms of the transition and the continuation of activities.

We will be delighted to discuss this matter with you or with your attorneys. Mr. Alvis' rights under the existing retirement plan will be addressed separately from this matter.

Sincerely,



Mark W. Eves

MWE:sd

enclosures

cc: Mr. Guy Alvis ✓

Francis, Hanson & Martin LLP

FRANCIS HANSEN & MARTIN, LLP

C. E. "Win" Francis
Martin E. Hansen*
Gerald A. Martin

Attorneys at Law
1148 NW Hill Street
Bend, Oregon 97701-1914

Michael H. McGean
Gregory J. Stuman †

Tel (541) 389-5010
Fax (541) 382-7068

*Admitted in Oregon and Washington

www.francishansenmartin.com

† Admitted in Oregon and California

May 3, 2005

VIA FACSIMILE – 503-227-4971
and Regular Mail

Mark W. Eves
EVES WADE LLP
3236 SW Kelly Avenue, Ste. 200
Portland, OR 97239-4679

RE: GUY ALVIS

Dear Mr. Eves:

I'm writing on behalf of our client LS Networks in response to your letter of April 29, 2005. There is a significant amount of information that was given to you that is not correct.

First, the Agreement you reference, May 14, 2001, was between Mr. Alvis and NoaNet Washington. That is a separate and distinct corporation from NoaNet Oregon. That Agreement was never assumed by NoaNet Oregon. If Mr. Alvis feels he has a claim under that particular Agreement, he will have to look toward NoaNet of Washington.

LS Networks did not acquire all of the assets of NoaNet Oregon. To the contrary, LS Networks, as a secured creditor, simply exercised its rights under its security agreement to obtain the collateral securing a loan which was the obligation of NoaNet Oregon. Mr. Alvis' contract with NoaNet of Washington was not part of the collateral for that loan and was never transferred in any form to LS Networks.

Mark W. Eves
Re: Guy Alvis
May 5, 2005
Page 2

Your client knows full well what has transpired to cause NoaNet Oregon to go out of business. He had a sizeable hand in that process. Since your client is obviously withholding facts from you, I will leave it to you to have a heart to heart with him about the potential liability you and he are about to embark on.

Sincerely,



Martin E. Hansen
MEH:ph

cc: Al Gonzalez / via fax

EVES & WADE LLP

ATTORNEYS AT LAW

3236 S.W. Kelly Avenue, Suite 200

Portland, Oregon 97239-4679

(503) 227-6226

Fax (503) 227-4971

E-mail: eveswade@aol.com

Mark W. Eves
Ronald L. Wade

May 5, 2005

VIA FACSIMILE TO 1-541-382-7068

Mr. Martin E. Hansen
Francis Hansen & Martin, LLP
1148 NW Hill Street
Bend, Oregon 97701-1914

Re: Guy J. Alvis vs. LS Networks et al.

Dear Mr. Hansen:

Thank you for your letter dated May 3, 2005. In your letter, you stated that the employment agreement involving Mr. Alvis with NoaNet Washington "was never assumed by NoaNet Oregon." We have a copy of a document entitled "Personnel Transition and Mutual Services Agreement" between NoaNet Washington and NoaNet Oregon. In Section 6.1 of that document, the parties stated as follows: "NoaNet Washington hereby assigns to NoaNet Oregon any and all employment agreements between any of the Transferred Personnel and NoaNet Washington. NoaNet Oregon accepts such assignment and assumes all rights, obligations and liabilities under such employment agreements" Attached to that agreement is an Exhibit "A" which lists the "Transferred Personnel." That lists includes our client, Guy Alvis. We will assume that the statement made in your letter was based upon false information provided to you by your own client. It will be difficult for either of us to work together or to provide assistance to our respective clients which can lead to a resolution if false statements of the facts are deliberately made.

In your letter, you state that LS Networks was a secured creditor and that it obtained the assets of NoaNet Oregon under its security agreement. Please provide us with copies of the loan documents, the security agreement, and all recorded financing statements. Also, please provide to us copies of all pleadings through which attachment and foreclosure of the assets of NoaNet Oregon took place. If the assets were turned over not by foreclosure, but instead by voluntary surrender, please provide us with any documents which relate to the surrender. As you know, regardless of whether possession was obtained through court process or through voluntary

Mr. Martin E. Hansen

May 5, 2005

Page 2

surrender, the Uniform Commercial Code contemplates that a secured creditor will conduct a commercially reasonable sale of the collateral. Please provide us with all documents indicating that a commercially reasonable sale took place, together with a listing of all assets which were sold and the ultimate selling price.

It is our understanding that one of the significant assets of NoaNet Oregon was a contract with Bonneville Power involving the use of fiber optic cables, and that your client apparently is claiming that it now has all rights of NoaNet Oregon in that contract. Please provide a copy of that contract and all documents relating to the transfer of that contract to LS Networks.

Time is of the essence for these matters. Please provide all of the above documents to us by fax within three (3) business days. If we do not receive the information from you, we will begin an inquiry directly with Bonneville Power regarding the status of the above contract and our concerns regarding how the transfer of assets and apparent selective transfer of liabilities has taken place.

We look forward to more forthcoming and constructive correspondence with you in the future.

Sincerely,



Mark W. Eves

MWE:sd

enclosures

cc: Mr. Guy Alvis

FRANCIS HANSEN & MARTIN, LLP

C. E. "Win" Francis
Martin E. Hansen*
Gerald A. Martin

Attorneys at Law
1148 NW Hill Street
Bend, Oregon 97701-1914

Michael H. McGean
Gregory J. Stuman †

Tel (541) 389-5010
Fax (541) 382-7068

*Admitted in Oregon and Washington

www.francishansenmartin.com

† Admitted in Oregon and California

May 5, 2005

VIA FACSIMILE – 503-227-4971
and Regular Mail

Mark W. Eves
EVES WADE LLP
3236 SW Kelly Avenue, Ste. 200
Portland, OR 97239-4679

RE: GUY ALVIS

Dear Mr. Eves:

I'm responding to your letter of earlier this morning. You are still receiving incorrect information from your client. I will leave it up to you whether or not your client is deliberately giving you false statements.

We are well aware of the document you referred to in the first paragraph of your letter. However, for that document to have any binding affect, it needed to be adopted by the Board of NoaNet Oregon through a Board resolution. Your client is well aware that the employees of NoaNet Oregon kept the NoaNet Oregon Board in the dark concerning these employment agreements. There was no Board resolution ever adopting the assignment of the employment agreements from NoaNet Washington to NoaNet Oregon. As such, there is no assumption by NoaNet Oregon of the NoaNet Washington employment agreements.

Any attempt by you or your client to contact Bonneville Power Administration in the fashion described in your letter will be treated as intentional interference of our agreement with BPA and will subject you and your client to personal liability. We do not take lightly your attempt to threaten interference with our BPA license.

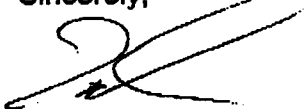
Mark W. Eves
Re: Guy Alvis
May 3, 2005
Page 2

A secured creditor exercising its right under its collateral agreement does not constitute a "successor corporation" under Oregon law. Mr. Alvis was one of several employees of NoaNet Oregon that were not hired by LS Networks after they exercised their rights over the secured collateral.

We understand that your client has been in touch with NoaNet of Washington. Since that is the only company that your client had a contract with, he should pursue any issues he has with NoaNet of Washington.

If you have any further questions, feel free to contact me directly.

Sincerely,



Martin E. Hansen
MEH:ph

cc: Al Gonzalez / via fax

EVES & WADE LLP

ATTORNEYS AT LAW

3236 S.W. Kelly Avenue, Suite 200
Portland, Oregon 97239-4679
(503) 227-6226
Fax (503) 227-4971
E-mail: eveswade@aol.com

Mark W. Eves
Ronald L. Wade

May 23, 2005

VIA FACSIMILE TO 1-541-382-7068

Mr. Martin E. Hansen
Francis Hansen & Martin, LLP
1148 NW Hill Street
Bend, Oregon 97701-1914

Re: Guy J. Alvis vs. LS Networks et al.

Dear Mr. Hansen:

We have received your very surprising letter dated May 5, 2005, and we have discussed it with Mr. Alvis. Neither Mr. Alvis nor this firm have any idea how you arrived at the statements made in your two letters. In your first letter you said that no one at NoaNet Oregon assumed the obligations to the employees. When that statement was proven to you to be inaccurate, you stated that the Board of Directors of NoaNet Oregon did not adopt a formal resolution approving the signed agreement. I am certain that the personnel at NoaNet Washington will have an entirely different perspective on this. You also seem to say that Mr. Alvis caused NoaNet Oregon to go out of business. Your letter gets very close to libel. Mr. Alvis advises us that the policy of NoaNet Oregon was established by its Board of Directors consistently throughout its operation. We have no idea how you have come to your conclusions.

With regard to Bonneville Power, again we have no idea what you are talking about. You state that LS Networks is the successor to the assets. One of the primary assets is the Bonneville Power license agreement. You have provided no information regarding how LS Networks got ownership of that license agreement or the rights to use it. You have provided none of the requested documents or other information regarding the alleged foreclosure of assets. As a creditor, our client is entitled to find out what happened to the assets.

Your suggestion that an inquiry with Bonneville Power would constitute intentional interference with your agreement is, to be frank, nonsense. The license agreement is with NoaNet Oregon, not LS Networks. Moreover, your characterization of our proposed contact with Bonneville Power as a threat, is equally nonsense. The only reason that we mentioned it to you in advance was that we did not want to unintentionally upset something that might be in the process of being developed. It is regrettable that our client's effort to be sensitive to the needs of your client has been rebuffed in such a hostile manner. Because you have refused to cooperate and have refused to provide any documents to substantiate your claims regarding the disposition of the assets of NoaNet Oregon, our client will inquire with Bonneville Power to see if he can determine what has happened to the primary assets of NoaNet Oregon and will object to any transfer of the Bonneville Power license agreement until the creditors of NoaNet Oregon have been dealt with fairly.

Mr. Martin E. Hansen
May 23, 2005
Page 2

Neither my client nor I understand the hostility and lack of candor which has been exhibited in both of your letters. Mr. Alvis is merely asking for that which he was promised. We again invite you to discuss this matter in a civil, constructive, and truthful way.

Sincerely,

Mark W. Eves

MWE:sd
cc: Mr. Guy Alvis