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**MARYLAND BAR
*NEW JERSEY BAR

August 10, 1999

Re: Application of HarvardNet, Inc.
A.310818, F.2

Secretary
Pennsylvania Public Utility Commission
North Office Building
Harrisburg, PA 17120

Dear Sir:

We file herewith on behalf of HarvardNet, Inc. the original and two (2) copies of its Amendment to its Application for approval of its beginning to offer, render, furnish or supply telecommunication services as a Competitive Local Exchange Carrier to the public in Pennsylvania.

Very truly yours,

Lloyd R. Persun
Lloyd R. Persun

LRP:hmc

Enclosures

HAND DELIVERED

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ORIGINAL

Application of HarvardNet, Inc. :
for approval to offer, render, furnish, :
or supply telecommunication services : Application Docket No. A-310818
as a Competitive Local Exchange Carrier : Folder 2
to the public in the Commonwealth of :
Pennsylvania :

AMENDMENT

DOCKETED

AUG 13 1999

TO: THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

1. The names, address, telephone number and fax number of the
Applicant are:

Harvardnet, Inc.
500 Rutherford Avenue
Charlestown, MA 02129
(617) 262-4200 Phone
(617) 242-6991 Fax

2. The names, addresses and telephone numbers and fax numbers of
Applicant's attorneys are:

Lloyd R. Persun, Esquire
Mette, Evans & Woodside
P.O. Box 5950
Harrisburg, PA 17110-0950
(717) 232-5000 Phone
(717) 236-1816 Fax

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SECRETARY'S BUREAU

Laura H. McDonald, Esquire
Janine F. Goodman, Esquire
Levine, Blaszak, Block & Boothby, LLP
Suite 900
2001 L Street, N.W.
Washington, DC 20036
(202) 857-2550 Phone
(202) 223-0833 Fax

3. On April 2, 1999, Applicant filed this Application with the Commission. The protest period expired on April 17, 1999. No protest or petition to intervene was filed. The Application is pending before the Commission.

4. Applicant is under a continuing obligation to amend the Application if any matter asserted therein changes during the pendency of the Application. Application ¶17. When the Application was filed, no public market existed for the shares of its capital stock. Applicant thereafter planned an initial public offering (IPO) of its common capital stock. The IPO is expected to occur sometime during August 1999.

5. Under the IPO, Applicant will offer 7,120,000 shares of its common stock initially in the United States and Canada and 1,780,000 shares of its common stock initially outside the United States and Canada. No dividend is intended to be paid thereon. Applicant plans to use the net proceeds to repay amounts owed under its credit facility, for capital expenditures relating to Applicant's planned expansion, potential acquisitions, working capital and other general corporate purposes. The Application is hereby amended to reflect these developments.

6. Attachment C-1 hereto contains a description from the proposed prospectus of Applicant's existing capitalization before the occurrence of the IPO and the dilution which is expected to occur after the IPO is made. The shares are expected to trade on the NASDAQ National Market under the symbol "HVNT". If the IPO is fully subscribed and purchased, the existing officers, directors and principal stockholders will continue to own at least 52.8% of the issued and outstanding shares of its capital stock. Applicant's Application is hereby amended to include this information and Attachment C-1 hereto.

7. After this Application was filed, Applicant acquired the issued and outstanding shares of capital stock of HarvardNet-Virginia, Inc. (HNV). HNV is a proposed Virginia public utility which, if regulatory authority is secured as required by law, will provide in Virginia services similar to the services which Applicant proposed to provide in Pennsylvania. HNV is not presently operating or doing business. The Application is hereby amended to include these developments.

8. The Application as hereby amended is hereby ratified and confirmed.

WHEREFORE, Applicant respectfully requests that the Commission approve the Application as amended and grant Applicant a Certificate of Public Convenience evidencing the authority sought therein.

HARVARDNET, INC.

By: 

Name: Melanie Hartunian
Title: Secretary, General Counsel and
Director of Regulatory Affairs

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 1999:

- on an actual basis after giving effect to the 1.3546862-for-1 split of our common stock and Class B stock;
- on a pro forma basis to reflect the conversion of all shares of Class B stock and convertible preferred stock outstanding as of March 31, 1999 into common stock; and
- on a pro forma as adjusted basis to reflect the conversion of all shares of Class B stock and convertible preferred stock outstanding as of March 31, 1999 into common stock, and the sale of common stock in this offering, assuming an initial public offering price of \$14.00 per share, after deducting the underwriting discounts and commissions and estimated offering expenses payable by HarvardVer.

The outstanding share information excludes 93,121 shares of common stock issuable upon exercise of warrants outstanding as of March 31, 1999 at an exercise price of \$.99 per share and 1,163,052 shares of common stock issuable upon exercise of options outstanding as of March 31, 1999 with a weighted average exercise price of \$.87 per share.

	As of March 31, 1999		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except share and per share data)		
Long term debt, less current portion	\$ 50	\$ 50	\$ 50
Redeemable convertible Series A preferred stock; \$0.01 par value; 13,749,440 shares authorized, 13,749,440 issued and outstanding; none issued and outstanding pro forma and pro forma as adjusted basis	18,011	—	—
Stockholders' equity (deficit):			
Preferred stock, \$.01 par value; 5,000,000 shares authorized and unissued, pro forma as adjusted	—	—	—
Common stock, \$.01 par value; 34,237,000 shares authorized, 8,655,939 shares issued and 5,278,246 outstanding; 34,237,000 shares authorized and 30,976,290 shares issued and 27,598,597 outstanding, pro forma: 100,000,000 shares authorized and 39,876,290 shares issued and 36,498,597 shares outstanding, pro forma as adjusted	87	310	399
Class B stock, \$.01 par value; 4,486,250 shares authorized, 3,976,381 issued and outstanding; none issued and outstanding, pro forma and pro forma as adjusted basis	28	—	—
Additional paid-in capital	10,883	29,312	143,751
Accumulated dividends on preferred stock	613	—	—
Deferred compensation	(8,690)	(8,690)	(8,690)
Accumulated deficit	(2,810)	(2,810)	(2,810)
Treasury stock, at cost	(3,356)	(3,356)	(3,356)
Total stockholders' equity (deficit)	(3,245)	14,766	129,294
Total capitalization	\$14,816	\$14,816	\$129,344

DILUTION

Our pro forma net tangible book value as of March 31, 1999 was approximately \$10.8 million or approximately \$.39 per share of common stock. Pro forma net tangible book value per share represents the amount of our total tangible assets less total tangible liabilities, divided by 27,598,597 shares of common stock outstanding, after giving effect to the conversion of all shares of Class B stock and convertible preferred stock outstanding as of March 31, 1999. After giving effect to the sale of the common stock offered in this offering at an assumed initial public offering price of \$14.00 per share and after deducting the estimated underwriting discounts and commissions and offering expenses payable by us, our pro forma net tangible book value as of March 31, 1999 would have been approximately \$125.3 million, or \$3.43 per share of common stock. This represents an immediate increase in pro forma net tangible book value of \$3.04 per share to existing stockholders and an immediate dilution of \$10.57 per share to new investors. The following table illustrates this per share dilution:

Assumed initial public offering price per share		\$14.00
Pro forma net tangible book value per share before this offering	\$.39	
Increase in pro forma net tangible book value per share attributable to new investors	<u>3.04</u>	
Pro forma net tangible book value per share after this offering		<u>3.43</u>
Dilution per share to new investors		<u><u>\$10.57</u></u>

The following table summarizes on a pro forma basis as of March 31, 1999, the difference between the number of shares of common stock purchased from HarvardNer, the total consideration paid to HarvardNer and the average price per share paid by existing stockholders and by new investors at an assumed initial public offering price of \$14.00 per share, before deducting estimated underwriting discounts and commissions and offering expenses payable by HarvardNer:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	27,598,597	75.6%	20,868,000	14.3%	\$.76
New investors	<u>8,900,000</u>	<u>24.4</u>	<u>124,600,000</u>	<u>85.7</u>	<u>\$14.00</u>
Total	<u><u>36,498,597</u></u>	<u><u>100.0%</u></u>	<u><u>145,468,000</u></u>	<u><u>100.0%</u></u>	

The table above assumes no exercise of warrants and stock options outstanding at March 31, 1999. As of March 31, 1999, there were warrants outstanding to purchase a total of 93,121 shares of common stock at an exercise price of \$.99 per share and options outstanding to purchase a total of 1,163,052 shares of common stock at a weighted average exercise price of \$.87 per share. To the extent any of these options or warrants are exercised, there will be further dilution to new investors.

COMMONWEALTH OF MASSACHUSETTS :
: SS:
COUNTY OF SUFFOLK :

Melanie Hartunian, being duly sworn according to law, deposes and says that she is Secretary, General Counsel and Director of Regulatory Affairs of HarvardNet, Inc., the Applicant; that she is authorized to make this Affidavit on behalf of Applicant; that Applicant acknowledges that it may have an obligation to serve or to continue to serve the public by virtue of Applicant's commencing the rendering of service pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, the Federal Telecommunications Act of 1996 or with other applicable statutes or regulations; that Applicant asserts that it possesses the requisite technical, managerial and financial fitness to render a public utility service within the Commonwealth of Pennsylvania; that Applicant will abide by applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission; and that the facts set forth in the foregoing Amendment are true and correct to the best of her knowledge, information and belief and that she expects Applicant to be able to prove such facts at any hearing hereof.



Signature of Affiant

SWORN TO AND SUBSCRIBED
before me this 9th day of
August, 1999



Notary Public

My Commission Expires:

(SEAL) LAUREN MARIE WATSON, Notary Public
My Commission Expires January 25, 2002

CERTIFICATE OF SERVICE

I, Lloyd R. Persun, Esquire, hereby certify that on August 10, 1999 I caused a true and correct copy of the foregoing Amendment to be served by United States mail, first class, postage prepaid, on each of the following, addressed as follows:

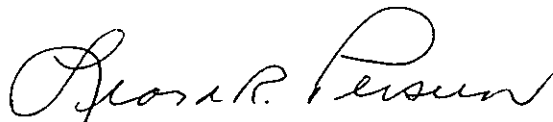
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1425 Strawberry Square
Harrisburg, PA 17120

Bernard A. Ryan, Jr., Esquire
Small Business Advocate
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Harrisburg, PA 17101

Bureau of Consumer Protection
Office of the Attorney General
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Office of Trial Staff
Office of Special Assistants
Bureau of Consumer Services
Bureau of Fixed Utility Service
PA Public Utility Commission
P.O. Box 3265
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Lloyd R. Persun

August 10, 1999