

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:	February 12, 2008)	
)	
PETITION OF ACCESS INTEGRATED)	DOCKET NO.
NETWORKS, INC. FOR APPROVAL OF)	07-00268
FINANCING TRANSACTION)	

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Eddie Roberson, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on January 14, 2008 for consideration of the *Petition* filed on December 3, 2007 by Access Integrated Networks, Inc. (“AIN” or “Petitioner”) for authority to borrow up to \$40,000,000 in debt financing.

AIN is authorized to provide resold and facilities-based local interexchange toll services in Tennessee.¹ AIN also has a request to acquire control of Birch Telecom of the South, Inc. pending before the Authority.²

THE PETITION

AIN proposes to incur debt in an amount up to \$40,000,000 secured by certain AIN assets and guaranteed by AIN. AIN has entered into an agreement whereby AIN will borrow up to a total of \$40,000,000 with a maturity date of sixty-six months from the date of closing, and the money borrowed will be subject to repayment, with a floating interest rate equal to LIBOR

¹ *In re: Application of Access Integrated Networks, Inc. for a Certificate of Convenience and Necessity as a Competing Telecommunications Provider*, Docket No. 99-00644, *Order Granting Certificate of Public Convenience and Necessity* (December 3, 1999).

² *See In re: Petition of Birch Telecom of the South, Inc. for Transfer of Control*, Docket No. 07-00258.

plus 800 basis points. According to the *Petition*, the Notes are secured by the assets of AIN. AIN does not have assets in Tennessee that will be pledged as collateral.³

AIN plans to use the proceeds from the financing for general corporate purposes and working capital requirements. AIN emphasizes that participating in the proposed financing transaction will not result in a change in management or AIN's day-to-day operations, nor will it affect current or proposed operations in Tennessee. Customers will continue to receive the same service at the same rates, terms, and conditions. The proposed financing transaction will be transparent to consumers in Tennessee.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-109 (2004) provides:

No public utility shall issue any stocks, stock certificates, bonds debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

At a regularly scheduled Authority Conference held on January 14, 2008, the panel voted unanimously to approve the *Petition* after making the following findings:

1. the proposed financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004);
2. the proposed financing transaction is being made in accordance with the laws enforceable by the Authority; and

³ *Data Response*, p. 1 (December 12, 2007).

3. the transaction is in the public interest because it should strengthen AIN's competitive position through access to greater financial resources.⁴

IT IS THEREFORE ORDERED THAT:

1. Access Integrated Networks, Inc. is authorized to borrow up to \$40,000,000 as set forth in its *Petition*.

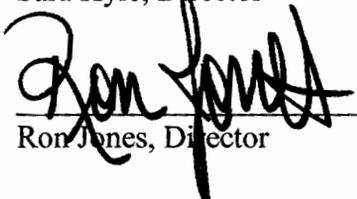
2. The authorization and approval given hereby shall not be used by any party for the purpose of inferring an analysis or assessment of the risks involved. Nothing herein creates or is intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee, or any political subdivision thereof for the transactions approved herein.



Eddie Roberson, Chairman



Sara Kyle, Director



Ron Jones, Director

⁴ Director Jones made the following additional findings:

- (1) The Petitioner has stated that it has filed similar petitions in other states and that federal approval of the indebtedness is not required.
- (2) Tennessee has a legitimate interest in monitoring the integrity of the competitive marketplace, which includes obtaining information on the financial transactions and fitness of certificated telecommunications carriers.
- (3) The burden of compliance with Tenn. Code Ann. § 65-4-109 (2004) is minimal, as such, compliance should be perfunctory given the telecommunications industry's movement to a competitive environment.