

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 17, 2008

IN RE:

APPLICATION OF CTC COMMUNICATIONS  
CORPORATION FOR AUTHORITY TO PROVIDE  
SECURITY IN CONNECTION WITH FINANCING

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DOCKET NO.  
08-00147

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ORDER APPROVING FINANCING TRANSACTION

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This matter came before Chairman Tre Hargett, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on October 6, 2008 for consideration of the *Application* filed on August 11, 2008 by the operating subsidiary of One Communications Corp. ("One") in Tennessee, CTC Communications Corp. ("CTC", together with One, the "Applicants" or "Borrowers") seeking approval to provide its guarantee, serve as co-borrower or otherwise provide security in connection with financing of up to two billion dollars being arranged for various affiliated companies including One.

One is a Delaware corporation with headquarters in Waltham, Massachusetts and a holding company for its various operating subsidiaries. In Tennessee, CTC is authorized to provide resold interexchange telecommunications services.<sup>1</sup>

**The Application**

The Borrowers propose to incur debt in an amount up to two billion dollars. The exact amounts and terms of the financing will not be finalized until the specific arrangements have been

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<sup>1</sup> See *Application of CTC Communications Corporation for Authority to Provide Resell Telecommunications Services in Tennessee*, Docket No. 95-02520.

completed or shortly before funding of the various transactions and will reflect the market conditions then existing. Some of the terms, such as the interest rate, may fluctuate during the term of the financing due to changes in market conditions and the financial conditions of the Borrowers. The financing is expected to be secured by a first ranking security interest in specific assets of CTC, including a security interest in its stock, receivables, tangible personal property and equipment. In some cases, CTC may provide guarantees or serve as co-borrowers. The maturity date, which is subject to negotiation, will depend on credit conditions, but is expected to be in the range of five to ten years from the date of issuance.

The Applicants state that the proceeds from this transaction will be used to repay existing debt, for general corporate purposes, capital expenses, working capital and may be used to fund the acquisition of other telecommunications companies or telecommunications assets. The transaction is not expected to directly affect the rates and services of the Applicants or result in any change in control. The Applicants assert that the financing transaction will serve the public interest by enabling it to grow and compete in both the Tennessee and national telecommunications marketplace.

### **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 October 6, 2008, the panel voted unanimously to approve the *Application* and made 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 laws enforceable by this agency.

3. The proposed transaction is in the public interest because it will provide the applicants with the financial resources needed to further grow and expand their business and compete in the Telecommunications market.

**IT IS THEREFORE ORDERED THAT:**

1. CTC Communications Corporation and One Communications Corporation are authorized to enter into the financing transactions described in the *Application* and discussed herein pursuant to Tenn. Code Ann. § 65-4-109 (2004).

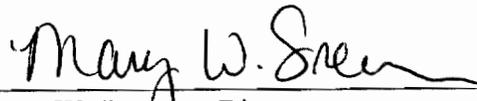
2. The authorization and approval given hereby shall not be used by any party for the purpose of inferring an analysis or assessment of the risks involved. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.



Tre Hargett, Chairman



Sara Kyle, Director



Mary W. Freeman, Director