

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE TENNESSEE**

May 22, 2001

IN RE:

**Application of Allied Riser of Tennessee, Inc. for a
Certificate of Public Convenience and Necessity to
Provide Facilities-Based Local Exchange
Telecommunications throughout the State Tennessee**

DOCKET NO. 00-00128

**INITIAL ORDER GRANTING CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY**

This matter came before the Tennessee Regulatory Authority ("Authority") upon the Application of Allied Riser of Tennessee, Inc. ("Applicant") for a certificate of public convenience and necessity to provide facilities-based local exchange telecommunications services throughout the State of Tennessee (the "Application"), filed on August 4, 2000. The Application was made pursuant to Tenn. Code Ann. § 65-4-201 *et seq.* A Hearing on the Application was held before Jon Wike, acting as Hearing Officer, on May 16, 2001.

LEGAL STANDARD FOR GRANTING CCN

The Application was considered in light of the criteria for granting a certificate of public convenience and necessity ("CCN") as set forth in Tenn. Code Ann. § 65-4-201 which provides, in part:

(a) No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the authority, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation,

and no person or corporation not at the time a public utility shall commence the construction of any plant, line, system, or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate . . .

* * *

(c) After notice to the incumbent local exchange telephone company and other interested parties and following a hearing, the authority shall grant a certificate of convenience and necessity to a competing telecommunications service provider if after examining the evidence presented, the authority finds:

(1) The applicant has demonstrated that it will adhere to all applicable commission policies, rules and orders; and

(2) The applicant possesses sufficient managerial, financial and technical abilities to provide the applied for services.

An authority order, including appropriate findings of fact and conclusions of law, denying or approving, with or without modification, an application for certification of a competing telecommunications service provider shall be entered no more than sixty (60) days from the filing of the application.

In addition, pursuant to Tenn. Code Ann. § 65-5-212, competing telecommunications providers are required to file with the Authority (1) a plan containing the provider's plan for purchasing goods and services from small and minority-owned telecommunications businesses; and (2) information on programs that might provide technical assistance to such businesses.

THE APPLICANT'S HEARING

Public notice of the Hearing in this matter was made by the Authority's Executive Secretary, pursuant to Tenn. Code Ann. § 65-4-204. No persons sought intervention prior to or during the hearing.

The Application was uncontested. At the hearing held on May 16, 2001, the Applicant was represented by Michael Allen, Esq. of Skadden, Arps, Slate, Meagher and Flom, 333 West Wacker Drive, Chicago, Illinois 60606. In addition, Mr Allen, presented

testimony and was subject to examination by the Hearing Officer. Upon Applicant's conclusion of the proof in its case, the Hearing Officer recommended approval of the Application based upon the following findings of fact and conclusions of law:

I. Applicant's Qualifications

1. The Applicant is a corporation organized under the laws of the State of Delaware.

2. The complete street address of Applicant's principal place of business is 1700 Pacific Avenue, Suite 400, Dallas, Texas 75201. The phone number is (214) 560-4111.

3. The Application and supporting documentary information existing in the record indicate that the Applicant has the requisite technical and managerial qualifications necessary to provide telecommunications services within the State of Tennessee on a facilities-based and resale basis. Specifically, the Applicant's management and technical teams have particular expertise in the telecommunications industry. The Applicant is currently certified to provide telecommunications services in California, Colorado, Connecticut, District of Columbia, Illinois, Massachusetts, New York, Pennsylvania, Texas, and Washington.

4. The Applicant has the necessary capital and financial qualifications to provide the services it proposes to offer.

II. Proposed Services

The Applicant intends to provide facilities-based local exchange telecommunications services throughout the State of Tennessee

III. PERMITTING COMPETITION TO SERVE THE PUBLIC CONVENIENCE AND NECESSITY

Upon a review of the Application and the record in this matter, the Hearing Officer finds that approval of the Application would inure to the benefit of the present and future public convenience by permitting competition in the telecommunications services markets in the State and by fostering the development of an efficient, technologically advanced statewide system of telecommunications services.

IV. SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN & BUSINESS ASSISTANCE PROGRAM

1. The Applicant has filed a satisfactory small and minority-owned telecommunications business participation plan, pursuant to Tenn. Code Ann. § 65-5-212 and the Authority's Rules.

2. The Applicant has acknowledged its obligation to contribute to the funding of the small and minority-owned telecommunications business assistance program, as set forth in Tenn. Code Ann. § 65-5-213.

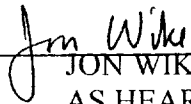
IT IS THEREFORE ORDERED THAT:

1. Allied Riser of Tennessee, Inc.'s application is approved.
2. The Applicant shall file a report with the Authority two (2) years after the date of this order, if the Applicant has not yet offered service in Tennessee. Such report shall detail the reasons for the lack of service and any future plans for providing telecommunications services in Tennessee.
3. Any party aggrieved by this initial decision may file a Petition for Reconsideration with the Tennessee Regulatory Authority within fifteen (15) days from

and after the date of this Initial Order. Such Petition shall be considered by the Hearing Officer presiding herein.

4. Any party aggrieved by the decision of the Hearing Officer in this matter may also file a Petition for appeal pursuant to Tenn. Code Ann. § 4-5-315 with the Tennessee Regulatory Authority within fifteen (15) days from and after the date of this Initial Order. If the Tennessee Regulatory Authority or any of the parties herein do not seek review of this Initial Order within the time prescribed by Tenn. Code Ann. § 4-5-315, this Initial Order shall become the Final Order.

ENTERED THIS 22nd DAY OF May, 2001



JON WIKE,
AS HEARING OFFICER