

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC

ATTORNEYS AT LAW

HISTORIC CASTNER-KNOTT BUILDING
618 CHURCH STREET, SUITE 300
NASHVILLE, TENNESSEE 37219

Telephone: (615) 726-1200
Facsimile: (615) 726-1776

Charles B. Welch, Jr.
cwelch@farrismathews.com

Writers Direct Dial.
615-687-4230

April 5, 2006

Chairman Ron Jones
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

HAND DELIVERED

Re: Petition of Time Warner Telecom, Inc., Time Warner Telecom Holdings, Inc., and Time Warner Telecom of the Mid-South, LLC for Approval to Reallocate Existing Indebtedness.

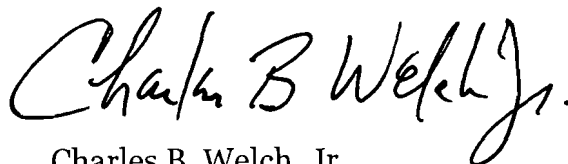
Dear Chairman Jones,

Please find enclosed, an original and 14 copies of the referenced Petition accompanied by the \$25.00 filing fee. Please date stamp a copy for my records.

Thank you for your assistance regarding this matter. If we can be of further assistance, please do not hesitate to contact us.

Very truly yours,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC



Charles B. Welch, Jr.

CBW/jrh
Enclosures
Cc: Carolyn Marek

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

April 5, 2006

IN RE:

PETITION OF TIME WARNER TELECOM, INC.,
TIME WARNER TELECOM HOLDINGS, INC.,
AND TIME WARNER TELECOM OF THE MID-
SOUTH, LLC FOR APPROVAL TO REALLOCATE
EXISTING INDEBTEDNESS

DOCKET NO.

06-00094

PETITION TO REALLOCATE EXISTING INDEBTEDNESS

Time Warner Telecom, Inc. ("TWTC Inc."), Time Warner Telecom Holdings, Inc. ("TWTC Holdings"), and Time Warner Telecom of the Mid-South, LLC ("TWTC TN"), collectively the ("Petitioners"), through their undersigned counsel, hereby submit this Petition to the Tennessee Regulatory Authority ("Authority") pursuant to Tenn. Code Ann. § 65-4-109 (2004) requesting revision of its previous Order approving issuance of debt, so as to reallocate, but not increase the total indebtedness.¹

Petitioners submit the following information in support of the petition:

I. PARTIES

TWTC Holdings is a corporation duly organized and existing under the laws of the state of Delaware. TWTC Holdings' principal office is located at 10475 Park Meadows, Littleton, Colorado. TWTC Holdings is a direct, wholly owned subsidiary of

¹ See *In Re Petition of Time Warner Telecom, Inc., Time Warner Telecom Holdings, Inc., and Time Warner Telecom of the Mid-South, LLC for Approval to Issue Debt*, Order Approving Financing Transactions, May 18, 2004, Docket No. 04-00051.

TWTC Inc. TWTC TN is a wholly owned subsidiary of TWTC Holdings. TWTC TN is certificated by the Authority and operates in Tennessee as a facilities-based telecommunications carrier.

II. DESIGNATED CONTACT

The designated contact for questions concerning this Petition is as follows:

Charles B. Welch, Jr.
Farris Mathews Branan Bobango Hellen & Dunlap, PLC
618 Church Street, Suite 300
Nashville, TN 37219
Tel: (615) 726-1200
Fax: (615) 726-1776

III. DESCRIPTION OF THE PREVIOUS PETITION AND ORDER

In a Petition filed with the Authority on February 17, 2004, TWTC Holdings sought authorization, pursuant to Tenn. Code Ann. § 65-4-109 (2004), to issue and sell notes in an aggregate amount of \$400 million in fixed rate Senior Notes, \$400 million in floating rate Senior Notes, and to enter into a revolving credit facility ("Term Loan B Credit Facility") of \$150 million. The obligations under the notes were guaranteed by state level operating subsidiaries of TWTC Holdings, including TWTC TN, through pledges of stock, interests, and assets. The Petition was approved by the Authority on April 12, 2004 with that decision being reflected in an Order issued on May 18, 2004.² A copy of the Petition and Order is attached hereto as Exhibit A.

IV. SPECIFIC TERMS OF PROPOSED REALLOCATION

A. TWTC Inc. is a leading provider of managed network solutions to a wide range of business customers throughout the United States. TWTC Inc., through its various subsidiaries, including TWTC Holdings and TWTC TN, operates in 44

² *Ibid*

metropolitan markets and has networks spanning over 18,000 route miles and containing over 889,000 fiber miles.

B. Petitioners now seek to reallocate a portion of its total indebtedness by increasing the amount of its Term Loan B Credit Facility from \$150 million to an amount not to exceed \$200 million without increasing its total indebtedness amount of \$950 million. In other words, the maximum amount of long-term debt and the Term Loan B Credit Facility to be issued as a part of the transaction will not change the total amount of indebtedness which will remain under or at \$950 million, the amount previously approved by the May 18, 2004 Order of the Authority. These transactions will not cause the assets of TWTC TN to be exposed to any additional contingent liability; pursuant to the terms of the guaranty, in excess of the amount previously approved.

V. ARGUMENT

A. As discussed above, the proposed transaction will occur at the holding company level. TWTC Holdings, rather than TWTC-TN - the Tennessee operating entity, will be issuing the debt and entering into the increased Term Loan B Credit Facility.³ No change in ownership will occur at the certificated company level.

B. The Authority should approve this petition on an expedited basis as the proposed transaction is in the Public interest. Approval of this Petition is in the public interest as it will allow TWTC Holdings to obtain flexibility critical to the offering of its competitive services in Tennessee.

Consumers will continue to receive increased benefits of facilities-based competition, including diversity in routing, network redundancy and increased network

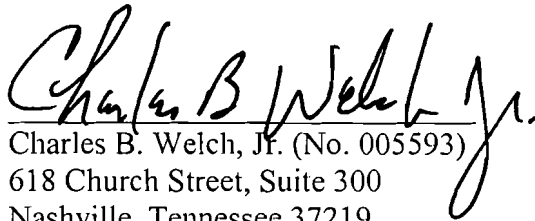
³ TWTC-TN, like each certificated operating entity of TWTC Holdings, will continue to act as a guarantor, as described herein.

reliability, lower-priced, high-quality services, broader customer choice, and service innovation. The requested financing reallocation will strengthen Petitioners' ability to compete in the local exchange service market by providing access to greater financial resources. The flexibility provided by the reallocation will allow Petitioners to respond more quickly to competitive pressures in the evolving telecommunications market and to continue to provide consumers with full facilities-based competitive choice. Thus, Authority approval of this Petition will bolster the Authority's long-standing goal of fostering full facilities-based competition in the telecommunications market and is in the public interest.

WHEREFORE, Petitioners respectfully request that the Authority approve the proposed long-term debt and credit facility reallocation on an expedited basis.

Respectfully submitted,

**FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC**



Charles B. Welch, Jr. (No. 005593)
618 Church Street, Suite 300
Nashville, Tennessee 37219
Tel: (615) 726-1200
Fax: (615) 726-1776

Attorney for:

Time Warner Telecom, Inc.
Time Warner Holdings, Inc. and
Time Warner Telecom of the Mid-South, LLC

VERIFICATION

STATE OF TENNESSEE)
)
COUNTY OF DAVIDSON)

I, Carolyn M. Marek, being first duly sworn, deposes and states as follows:

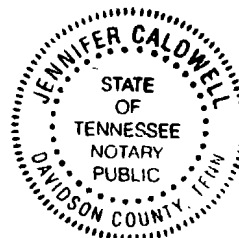
1. I am Vice President Regulatory-Southeast of Time Warner Telecom, Inc.
2. I have reviewed the foregoing Verified Petition and the statements of fact contained therein are true and correct to the best of my knowledge, information, and belief.

TIME WARNER TELCOM, INC.

By: *Carolyn M. Marek*
Carolyn M. Marek
Vice President Regulatory-Southeast

Sworn to and subscribed to me
this 5th day of April, 2006.

Jennifer Caldwell
Notary Public



My Commission Expires MAR 21 2009

EXHIBIT A

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE)
)
PETITION OF TIME WARNER TELECOM,)
INC , TIME WARNER TELECOM HOLDINGS,)
INC AND TIME WARNER TELECOM)
OF THE MID-SOUTH, LLC FOR APPROVAL)
TO ISSUE DEBT)

DOCKET NO _____

PETITION

Time Warner Telecom, Inc ("TWT Inc"), Time Warner Telecom Holdings Inc ("TWTC Holdings"), and Time Warner Telecom of the Mid-South, LLC ("TWTC TN", and together with TWT Inc and TWTC Holdings, the "Petitioners"), through their undersigned counsel, hereby submit this Petition for approval to issue debt (the "Petition") to the Tennessee Regulatory Authority (the "Authority") pursuant to Tennessee Code Annotated Section 65-4-109. Petitioners respectfully request that the Authority determine it has no jurisdiction over the issuance of debt by TWTC Holdings (since it is at the parent or holding company level) or, in the alternative, for approval from the Authority to engage in the financing transactions described herein on an expedited basis.

Petitioners submit the following information in support of the petition.

I. PARTIES

TWTC Holdings is a corporation duly organized and existing under the laws of Delaware. TWTC Holdings' principal office is located at 10475 Park Meadows, Littleton, Colorado. TWTC Holdings is a direct, wholly owned subsidiary of TWTC Inc. TWTC TN is a wholly owned subsidiary of TWTC Holdings. TWTC TN is certificated by the Authority and operates in Tennessee as a facilities-based telecommunications carrier.



II. DESIGNATED CONTACTS

The designated contacts for questions concerning this Petition are as follows

Charles B. Welch, Jr
Farris Mathews Branan Bobango Hellen & Dunlap, PLC
618 Church Street, Suite 300
Nashville, TN 37219
Tel (615) 726-1200
Fax (615) 726-1776

III. DESCRIPTION OF THE PROPOSED TRANSACTIONS

Petitioners seek authority for TWTC Holdings to issue up to \$400 million in fixed rate Senior Notes and up to \$400 million in floating rate Senior Secured Notes (collectively the "Notes"). The obligations under the Notes will be guaranteed by each state level operating subsidiary of TWTC Holdings, including TWTC TN, via a guarantee and pledge of the stock, interests and assets of each operating subsidiary. The size, pricing and the blend between the two tranches of Notes will be based on market demand.

In addition, Petitioners seek authority to enter into a new senior secured revolving credit facility of approximately \$150 million. The senior secured facility will be guaranteed by each state level operating subsidiary of TWTC Holdings, including TWTC TN, via a guarantee and pledge of their stock, interests and assets.

The funds raised by the foregoing transactions may initially be used to repay an existing credit facility and other existing debt and to fund capital expenditures and working capital needs. The maximum anticipated long-term debt for which authority is requested is \$950 million.

IV. SPECIFIC TERMS

A. TWT Inc. is a leading provider of managed network solutions to a wide range of business customers throughout the United States. TWT Inc., through its various subsidiaries, including TWTC Holdings and TWTC TN, operates in 44 metropolitan markets and, as of

September 30, 2003, had networks spanning over 18,000 route miles and containing over 889,000 fiber miles

B TWTC Holdings intends to enter into a Credit Agreement pursuant to which a consortium of lenders has agreed to advance up to approximately \$150 million to TWTC Holdings under a revolving credit facility. It is anticipated that amounts borrowed by TWTC Holdings will have a final maturity date in February 2009. Obligations under the Credit Agreement will bear interest at an adjustable rate plus an applicable margin, and interest will be payable quarterly in arrears. TWTC Holdings' obligations under the Credit Agreement will be guaranteed by each state level operating subsidiary, including TWTC TN, via a guarantee and pledge of their stock, interest and assets.

In addition, TWTC Holdings intends to issue (i) floating rate Senior Secured Notes, due in 2011, in the aggregate principal amount of up to \$400 million and (ii) fixed rate Senior Notes, due in 2014, in the aggregate principal amount of up to \$400 million. The 2011 notes will mature on February 15, 2011, and the 2014 notes will mature on February 15, 2014. The 2011 notes will bear interest at a floating rate equal to LIBOR plus 4% per year. Interest on the 2011 notes will be reset quarterly and will be payable quarterly on February 15, May 15, August 15 and November 15 of each year, beginning on May 15, 2004. The 2014 notes will bear interest at a rate per annum equal to 9¼ percent. Interest on the 2014 notes will be payable semi-annually on February 15 and August 15 of each year, beginning on August 15, 2004. TWTC Holdings' obligations under the Notes will be guaranteed by each state level operating subsidiary, including TWTC TN, via a guarantee and pledge of the stock, interests and assets of each operating subsidiary.

C Net proceeds derived from the proposed transactions will be used to retire TWTC Holdings' existing senior secured credit facility and for working capital that will be used for general corporate purposes

D At this time, the Petitioners do not have any plans to undertake any material acquisition of property in the State of Tennessee. However, the proceeds from the proposed transactions will indirectly benefit TWTC TN by allowing for, among other things, financial flexibility, overall enhancements to business operations and improvement in TWTC TN's service capabilities

V. APPROVAL IS IN THE PUBLIC INTEREST

If the Authority finds it possesses jurisdiction over the proposed transaction, approval of the Petition is in the public interest as it will enable TWTC Holdings to obtain additional financing and working capital critical to the ability of TWTC TN to continue to offer competitive services in Tennessee

The proceeds from the proposed transaction will indirectly benefit TWTC TN by allowing the following: (i) elimination of the current secured bank credit facility by paying back \$396 million drawn under that facility, (ii) payment of other existing long term debt, thus creating financial flexibility, (iii) expenditure of capital for construction of facilities and upgrades to Petitioners' existing national network, (iv) overall enhancements to business operations, and (v) improvement in Petitioners' service capabilities to the benefit of their customers. In addition, consumers will continue to receive increased benefits of facilities-based competition, including diversity in routing, network redundancy and increased network reliability, lower-priced, high-quality services, broader customer choice and service innovation. The requested financing authority will strengthen Petitioners' ability to compete in the local exchange service market by providing access to greater financial resources. These resources will

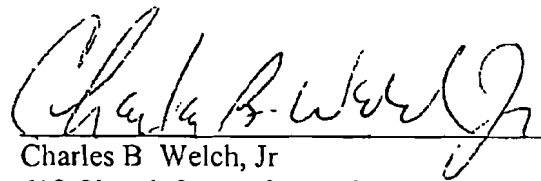
allow Petitioners to respond to competitive pressures in the evolving telecommunications market and to continue to provide consumers with full facilities-based competitive choice. Thus, Authority approval of this Petition will bolster the Authority's long-standing goal of fostering full facilities based competition in the telecommunications market and is in the public interest.

WHEREFORE, Petitioners respectfully request that the Authority determine it does not have jurisdiction over the proposed long term debt issuance and credit facility or, in the alternative, approve the identified transactions on an expedited basis.

Dated February 17, 2004

Respectfully submitted,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC

A handwritten signature in cursive script, appearing to read "Charles B. Welch, Jr.", written over a horizontal line.

Charles B. Welch, Jr.
618 Church Street, Suite 300
Nashville, TN 37219
Tel (615) 726-1200
Fax (615) 726-1776

Attorneys for

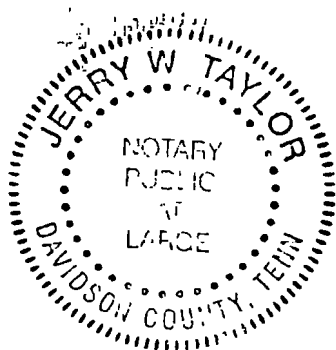
Time Warner Telecom, Inc
Time Warner Holdings, Inc and
Time Warner of the Mid-South, LLC

VERIFICATION

STATE OF TENNESSEE)
)
COUNTY OF DAVIDSON)

I, Carolyn M. Marek, being duly sworn, deposes and states as follows

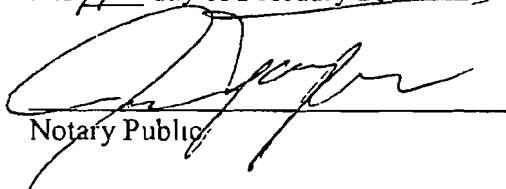
- 1 I am Vice President Regulatory – Southeast of Time Warner Telecom, Inc
- 2 I have reviewed the foregoing Verified Petition and the statements of fact contained therein are true and correct to the best of my knowledge, information and belief



TIME WARNER TELECOM, INC.

By 
Carolyn M. Marek
Vice-President Regulatory – Southeast

Sworn to and subscribed before me
this 17th day of February 2004


Notary Public

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

May 18, 2004

IN RE:

**PETITION OF TIME WARNER TELECOM, INC.,
TIME WARNER TELECOM HOLDINGS, INC.
AND TIME WARNER TELECOM OF THE MID-
SOUTH, LLC FOR APPROVAL TO ISSUE DEBT**

)
)
)
)
)
)

**DOCKET NO.
04-00051**

ORDER APPROVING FINANCING TRANSACTIONS

This matter came before Chairman Deborah Taylor Tate, Director Sara Kyle, and Director Ron Jones of the Tennessee Regulatory Authority (the "TRA" or "Authority"), the voting panel assigned to this Docket, at the regularly scheduled Authority Conference held on April 12, 2004 to consider the Petition of Time Warner Telecom, Inc. ("TWT"), Time Warner Telecom Holdings, Inc. ("TWT Holdings"), and Time Warner Telecom of the Mid-South, LLC ("TWT TN" - altogether "Time Warner" or the "Petitioners").

Statutory Framework

Tenn. Code Ann. § 65-4-109 states that

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 [TRA] for such proposed issue. It shall be the duty of the [TRA] 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 [TRA].

Pursuant to this statutory authority, the TRA must determine whether the proposed financing transactions are in accordance with law and the stated purpose meets with the TRA's approval.

Background

TWT TN, a wholly-owned subsidiary of TWT Holdings, was certificated to provide facilities-based telecommunications services in the State of Tennessee in Docket No. 93-02980 on August 24, 1995. TWT Holdings is a direct, wholly-owned subsidiary of TWT.

The Petition

In the Petition, filed with the TRA on February 17, 2004, TWT Holdings is seeking authorization, pursuant to Tenn. Code Ann. § 65-4-109, to issue and sell notes in an aggregate amount of \$400 million and to enter into a revolving credit facility of \$150 million. The obligation under the notes will be guaranteed by state level operating subsidiaries of TWT Holdings, including TWT TN, through a pledge of stock, interests, and assets. The proceeds of these transactions will be used to retire TWT Holdings' existing credit facility and other long term debt, to improve its working capital position, and for other general corporate purposes, including construction of additional facilities and upgrades to existing facilities and enhancement of business operations. Petitioners propose to benefit TWTC TN through these transactions by improving its competitive position in Tennessee through access to more financial resources.

The April 12, 2004 Authority Conference

At the April 12, 2004 Authority Conference, the Directors recognized the authority of the TRA to consider the impact of these financing transactions on TWTC TN, the company certificated and providing services only in the state of Tennessee, and voted unanimously to approve the financing transactions,¹ based upon a finding of compliance with the requirements of

¹ In the past, the TRA has declined to consider financing transaction filed pursuant to Tenn. Code Ann. § 65-4-109, relying on Tenn. Op. Atty. Gen. No. 99-119, which states. "Depending on the specific facts presented, state regulation appears to be proscribed, especially if the facts are such that the application of the state regulation may create a cumulative burden for the utility based on its having similar operations in many states."

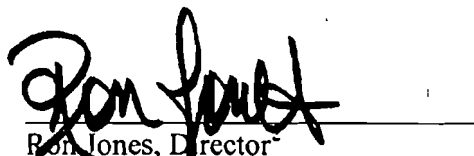
Tenn. Code Ann. § 65-4-109, that the proposed financing transactions are in compliance with Tennessee laws over which the TRA has authority and are to be used for a proper purpose.

IT IS THEREFORE ORDERED THAT:

1. Time Warner Telecom Holdings, Inc. is authorized to enter into the financing transactions as described in the Petition and discussed herein.
2. The authorization given hereby should not be used by any party, including, but not limited to, any lending party, for the purpose of inferring that an analysis or assessment of the risk involved to a purchaser has been performed. Nothing contained 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 transaction approved herein.


Deborah Taylor Tate, Chairman


Sara Kyle, Director


Ron Jones, Director

² Director Jones notes that, when deciding to move forward with consideration of this transaction under Tenn Code Ann § 65-4-109, he did not rely solely on the fact that TWT TN operates only in Tennessee. Instead, he provided the following additional grounds for his vote (1) he could not find any federal regulation that prevented the Authority from reviewing this transaction, (2) Petitioners have stated that federal approval is not required and that six other states require approval; (3) Tennessee has a legitimate interest in monitoring the integrity of the competitive marketplace, which includes obtaining information on the financial transactions and fitness of companies certificated to provide service in Tennessee; and (4) the burden of compliance with Tenn Code Ann § 65-4-109 is minimal, as such compliance should be perfunctory given the telecommunications industry's movement to a competitive environment.