

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

June 6, 2006

IN RE:)	
)	
PETITION OF TIME WARNER TELECOM, INC.,)	DOCKET NO.
TIME WARNER TELECOM HOLDINGS, INC.,)	06-00094
AND TIME WARNER TELECOM OF THE)	
MID-SOUTH, LLC FOR APPROVAL TO)	
REALLOCATE EXISTING INDEBTEDNESS)	

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Ron Jones, Director Pat Miller and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on April 17, 2006 for consideration of the *Petition For Approval To Increase The Amount Of An Existing Secured Revolving Credit Facility* ("Petition") filed by Time Warner Telecom, Inc. ("TWTC"), Time Warner Telecom Holdings, Inc. ("TWTC Holdings"), and Time Warner Telecom of the Mid-South, LLC ("TWTC TN") (collectively the "Petitioners") on April 5, 2006, requesting approval from the Authority pursuant to Tenn. Code Ann. § 65-4-109 (2004).

The Petition

TWTC Holdings is a Delaware corporation with its principal office located in Littleton, Colorado. TWTC Holdings is a direct, wholly-owned subsidiary of TWTC. 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 by Order issued on August 24, 1995 in Tennessee Public Service Commission ("TPSC") Docket No. 93-02980.

The *Petition* seeks a revision of the Authority's previous Order approving issuance of debt, so as to reallocate, but not increase the total indebtedness.¹ In Docket No. 04-00051, the Authority approved financing transactions allowing Petitioners 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 of \$150 million. The financing transactions were approved for the purposes of retiring 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. To secure financing, obligation for the notes were guaranteed by state level operating subsidiaries of TWTC Holdings, including TWTC TN, through a pledge of stock, interests, and assets.

The Petitioners are now seeking approval to reallocate its indebtedness among its fixed rate Senior Notes, floating rate Senior Notes and its Term Loan B Credit Facility without increasing its total indebtedness amount of \$950 million.² 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.

According to the *Petition*, the proposed transaction will occur at the holding company level. TWTC TN, like each certificated operating entity of TWTC Holdings, will continue to act as a guarantor. The *Petition* maintains that no change in ownership will occur at the certificated

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*, Docket No. 04-00051, *Order Approving Financing Transactions* (May 18, 2004).

² The *Petition* states that the Petitioner seeks to reallocate a portion of its 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. However, at the Authority Conference held on April 17, 2006, the Petitioner clarified that it seeks to reallocate its indebtedness among its three vehicles but will not increase the total amount of indebtedness.

company level, and consumers will continue to receive increased benefits of facilities-based competition.

The *Petition* asserts that this transaction serves the public interest as it will allow TWTC Holdings to obtain flexibility critical to the offering of its competitive services in Tennessee. The proposed financing transaction will strengthen Petitioners' ability to compete in the local exchange service market by providing access to greater financial resources. In addition, 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 choices.

April 17, 2006 Authority Conference

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

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.

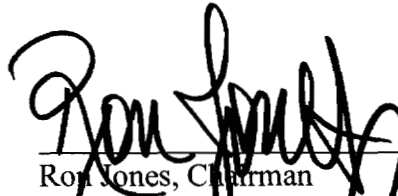
At a regularly scheduled Authority Conference held on April 17, 2006, the panel voted unanimously to approve the *Petition* based on the Authority's decision in Docket No. 04-00051, as well as the Petitioner's assertions that the reallocation of indebtedness will be beneficial because it will increase the flexibility of the holding company and strengthen the Petitioner's ability to compete.

IT IS THEREFORE ORDERED THAT:

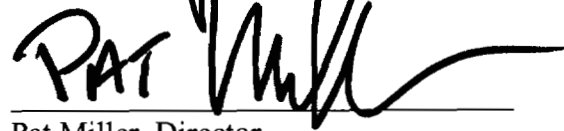
1. Time Warner Telecom, Inc., Time Warner Telecom Holdings, Inc., and Time Warner Telecom of the Mid-South, LLC are authorized to enter into the financing transaction as described in the *Petition* and discussed herein.

2. The authorization and approval given hereby shall not be used by any party,

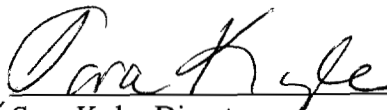
including, but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risk involved to a purchaser has been performed. Nothing contained herein creates or is intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof for the transactions approved herein.



Ron Jones, Chairman



Pat Miller, Director



Sara Kyle, Director