

J. Russell Farrar  
William N. Bates  
Kristin Ellis Berexa  
Teresa Reall Ricks  
Molly R. Cripps  
Mary Byrd Ferrara\*  
Robyn Beale Williams  
Jennifer Orr Locklin  
Keith F. Blue  
Heather C. Stewart  
Pamela G. Vawter

LAW OFFICES  
FARRAR & BATES, L.L.P.

211 Seventh Avenue North  
Suite 420  
Nashville, Tennessee 37219

Telephone 615-254-3060  
Facsimile 615-254-9835  
E-Mail: fblaw@farrar-bates.com

Of Counsel  
H. LaDon Baltimore

\*Also licensed in KY

April 13, 2006

Honorable Ron Jones, Chairman  
Tennessee Regulatory Authority  
ATTN: Sharla Dillon, Dockets  
460 James Robertson Parkway  
Nashville, TN 37243-5015

**Filed electronically in Docket Office on 4/13/2006**

**Via Hand Delivery**

Re: Application of NuVox Communications, Inc. for Authority to Provide Its Security  
in Connection With Financing - Request for Expedited Consideration

Dear Chairman Jones:

Enclosed for filing please find the original and four copies of the Petition of NuVox Communications in the above-referenced matter. Also enclosed is my check in the amount of \$25.00 in payment of the filing fee. The original verification will be late filed.

On behalf of my client, I hereby request expedited consideration of this petition at the May 15, 2006 Directors' Conference.

Thank you for your assistance. If you have any questions, do not hesitate to contact me.

Sincerely,



H. LaDon Baltimore  
NuVox Communications, Inc.

LDB/dcg  
Enclosures

cc: Susan Berlin  
Melissa Conway, Esq.

BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
Nashville, Tennessee

*Re: Application of  
NuVox Communications, Inc.  
For Authority to Provide Its  
Security in Connection with Financing*

) Docket No. \_\_\_\_\_  
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**PETITION**

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NuVox Communications, Inc. (“NuVox Communications” or “Petitioner”), by its attorneys, hereby respectfully requests approval, to the extent it may be necessary<sup>1</sup>, from the Tennessee Regulatory Authority (“TRA”), pursuant to T.C.A. §65-4-109, to provide its guarantee, serve as co-borrower or otherwise provide security in connection with various financings being arranged for its parent, Gabriel Communications Finance Company (“Gabriel”), a subsidiary of NuVox, Inc. (“NuVox” or “Parent”, together with Gabriel and NuVox Communications, “Borrowers”), of an amount up to \$120 million.<sup>2</sup> In support of this Petition, NuVox Communications provides the following information:

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<sup>1</sup> Although the Petitioner is seeking any necessary approval for its participation in this financing, it is doing so without prejudice to its right to assert that this type of transaction is beyond the jurisdiction of state commissions. *See, for example, State ex rel. Utilities Commission v. Southern Bell Tel. & Tel.*, 207 S.E.2d 771, *aff’d* 217 S.E.2d 543 (N.C. 1975).

<sup>2</sup> NuVox and certain subsidiaries have existing indebtedness that includes the Borrower’s Second Amended, Restated and Consolidated Credit Agreement dated as of May 21, 2004 (“Existing Credit Agreement”). The TRA was informed of the indebtedness relating to the Existing Credit Agreement in an amount up to \$100 million in connection with Docket No. 04-00082, the merger of NewSouth Holdings, Inc. and NuVox, Inc., approved by order dated June 4, 2000.

## **I. The Petitioner**

Parent, Gabriel and Petitioner are each privately held Delaware corporations located at Two North Main Street, Greenville, South Carolina 29601. Petitioner is a direct, wholly owned subsidiary of Gabriel which in turn is a direct, wholly owned subsidiary of the Parent. Through its various operating subsidiaries, including NuVox Communications, the Parent has operations in 48 markets throughout 16 contiguous Midwestern and Southeastern states. The company is a rapidly growing facilities-based integrated communications provider of voice and data telecommunications services to business customers, with a fully deployed IP-centric network consisting of 28 Class 5 voice switches, 43 data switches, 281 collocations and a Sonus VoIP network in operation. Currently, NuVox's operating subsidiaries collectively have approximately 41,500 customers. In Tennessee, NuVox Communications is authorized to provide local exchange and interexchange telecommunications services.<sup>3</sup> NuVox Communications will continue to operate under its current name and CCN issued by the TRA and its business license as filed with the Tennessee Secretary of State's Office. Petitioner is also authorized by the FCC to provide domestic interstate and international telecommunications services.

## **II. Designated Contacts**

The designated contacts for questions concerning this Petition are:

H. LaDon Baltimore  
Farrar & Bates  
211 7th Avenue North  
Suite 420  
Nashville, TN 37219  
(615) 254-3060 (Tel)  
(615) 254-9835 (Fax)

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<sup>3</sup> See original CCN granted in Docket No. 98-00806 in order dated February 22, 2000, transferred to NuVox Communications in Docket No. 04-00309 in order dated April 13, 2005.

Melissa S. Conway, Esq.  
KELLEY DRYE & WARREN LLP  
1200 19th Street, N.W.  
Suite 500  
Washington, D.C. 20036  
(202) 955-9667 (Tel)  
(202) 955-9792 (Fax)

Counsel to Petitioner

Copies of any correspondence should also be sent to the following designated representative of the Petitioner:

Susan Berlin  
Vice President, Senior Regulatory Counsel  
NUVOX COMMUNICATIONS  
2 North Main Street  
Greenville, SC 29601  
(864) 672-5000 (Tel)  
(864) 672-5313 (Fax)

### **III. Description of The Transaction**

By this Petition, NuVox Communications seeks approval, should it be necessary, to incur indebtedness by giving its guarantee, serving as a co-borrower or otherwise providing security in connection with one or more financings being arranged for Gabriel of an amount up to \$120 million ("Financings"). Current proposed Financings include a term facility and a revolving facility in a total amount of \$90 million. The Borrowers may obtain other Financings in the future. The proceeds of the Financings may be used in part to pay off the indebtedness under the Existing Credit Agreement.

The exact amounts and terms of each Financing will not be finalized until the arrangements have been completed or shortly before funding of the various transactions and will reflect the market conditions then existing. Some of the terms such as interest may fluctuate during the term of the Financing due to changes in market conditions and the company's financial condition. The terms of each Financing is expected to be substantially as follows:

*Funding Providers:* The funding providers may be banks, financial institutions, private lending institutions, private individuals, and/or other institutions, either individually or a consortium. The funding group may change over the life of the Financing. At present, it is expected that Wachovia Bank, National Association,

CIT Group, Inc. and Deutsche Bank AG New York Branch will be funding providers.

*Amount:* Up to \$120 million. Portions of the financed funds may be in the form of conventional credit facilities such as revolving credits (which can be reborrowed during the term of the commitment); letters of credit; the issuance of secured or unsecured notes or debentures (including notes convertible into common stock) to banks, other types of financial institutions or other investors; or term loans. At present, it is expected that there will be an \$80 million term loan facility and a \$10 million revolving credit facility.

*Maturity:* Any maturity date will be subject to negotiation and will depend on credit conditions. All maturity dates will be longer than one (1) year. At present, it is expected that the term facility will be subject to repayment according to an scheduled amortization, with the final payment of all amounts outstanding, plus accrued interest, being due six (6) years after the closing date. The revolving facility will have all amounts outstanding due and payable five (5) years after the closing date.

*Interest:* Any interest rate will likely be the market rate for similar Financings and will not be determined until such time as each Financing is finalized. At present, it is expected that the interest rates per annum will be LIBOR plus the Applicable Margin or, at the option of the Borrower, the Base Rate plus the Applicable Margin. In the case of the revolving facility, the Applicable Margin means 5.00% per annum, in the case of LIBOR rate advances, and 4.00% per annum, in the case of Base Rate advances. In the case of the term facility, the Applicable Margin means 5.50% per annum, in the case of LIBOR rate advances, and 4.50% per annum, in the case of Base Rate advances.

*Security:* Some and perhaps all of the loans to Borrowers are expected to be secured by a security interest in NuVox Communications' assets. In some cases, NuVox Communications may provide a guarantee or be a co-borrower. The security documents will contain appropriate provisions indicating that the exercise of certain rights thereunder may be subject to obtaining prior regulatory approval. At present, it is expected that the Petitioner will give a guarantee and grant a security interest in the following: (i) all present and future shares of Petitioner's capital stock; (ii) all present and future intercompany debt; (iii) subject to materiality thresholds, all present and future property and assets, real and personal, including, but not limited to, equipment, accounts receivable, general intangibles, tangible and intangible assets required to own and operate any telecommunications systems, franchises, permits and licenses; and (iv) all proceeds and products of the property and assets described above.

*Use of Proceeds:* Some of the proceeds will be used to repay other loans, or for general corporate purposes, capital expenses, and working capital. Other proceeds will be used to fund the acquisition of other telecommunications companies and/or telecommunications assets.

#### **IV. Public Interest Analysis**

Approving this Petition will serve the public interest by enhancing the ability of the Petitioner to grow and compete in the highly competitive markets for telecommunications services in Tennessee and nationwide. The financing arrangement will provide NuVox Communications with the financial resources necessary to continue to produce new products and services and respond to the highly competitive telecommunications environment.

NuVox competes in Tennessee and other markets with numerous other interexchange carriers and enhanced service providers as well as the incumbent local exchange carrier and other competitive local exchange carriers. Because NuVox is a non-dominant carrier it is not subject to rate of return regulation and its capital structure should not be a matter of concern to the TRA. In addition, because of the highly competitive environment in which it operates, the rates charged customers are subject to market discipline and the services offered generally are available from other carriers. As a result, the source of funds and capital structure of Petitioner would have little effect on customers in Tennessee or elsewhere. In the unlikely event that Petitioner's capital structure becomes too costly and rates rise, customers may simply migrate to other carriers with preferred rates. Thus, any adverse consequences from the Petitioner's financing decisions impact on shareholders, not on its customers, and any favorable consequences benefit both shareholders and consumers through higher profits, lower rates and better services.

Moreover, because the public interest is best served by assuring the presence of numerous telecommunications competitors in Tennessee, it is important to provide such competitors with the flexibility to arrange their financing in the manner they deem most appropriate to carry on their business so long as there is no adverse impact on the public. Approval of the financing transaction described herein is not expected to directly affect in any way the rates or services of Petitioner or its affiliates, or result in any change in control of Petitioner or its affiliates.

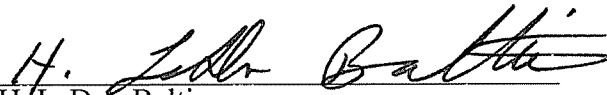
WHEREFORE, NuVox Communications, Inc. respectfully requests that the TRA approve, to the extent necessary, its participation in the financing transactions described herein of

an amount up to \$120 million, and for such other and further relief as the TRA may deem appropriate.

Respectfully submitted,

**NUVOX COMMUNICATIONS, INC.**

By:

  
H. LaDon Baltimore  
Farrar & Bates, LLP  
211 7th Avenue North, Suite 420  
Nashville, TN 37219  
(615) 254-3060 (Tel)  
(615) 254-9835 (Fax)

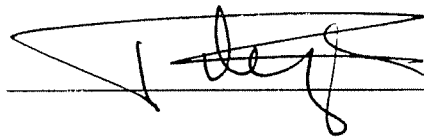
Brad E. Mutschelknaus  
Melissa S. Conway  
KELLEY DRYE & WARREN LLP  
1200 19<sup>th</sup> Street, N.W., Suite 500  
Washington, D.C. 20036  
(202) 955-9600

Its Counsel

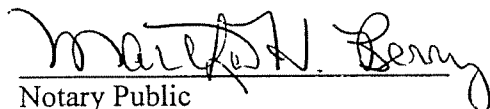
## VERIFICATION

I, Riley M. Murphy, am Executive Vice President, General Counsel and Secretary of NuVox, Inc. and am authorized to represent it and its subsidiaries, and to make this verification on their behalf. The statements in the foregoing document relating to NuVox, Inc. and its subsidiaries, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.



Subscribed and sworn to before me this 13<sup>th</sup> day of April 2006.

  
Notary Public

My Commission expires: My Commission Expires July 8, 2008