

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**September 29, 2006**

**IN RE:**

**APPLICATION OF NORLIGHT  
TELECOMMUNICATIONS, INC. FOR APPROVAL  
OF A PRO FORMA TRANSFER OF CONTROL**

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**DOCKET NO.  
06-00149**

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**ORDER APPROVING TRANSFER OF AUTHORITY**

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This matter came before Chairman Sara Kyle, Director Eddie Roberson and Director Pat Miller of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on August 7, 2006 for consideration of the *Application* filed on May 26, 2006 by Norlight Telecommunications, Inc. (“Norlight” or “Applicant”).

**The Application**

On May 26, 2006, Norlight filed its *Application* requesting the Authority’s approval of a proposed indirect transfer of authority to enable Norlight to consummate a transaction whereby Norlight will be spun off from its indirect parent company, Journal Communications, Inc. (“Journal”) to Journal’s stockholders. As a result of the proposed transaction, Journal’s stockholders who currently indirectly hold all of Norlight’s equity will become Norlight’s direct owners and Journal will no longer control any equity interest in Norlight. The spin-off will be accomplished through a pro-rata distribution of all Norlight’s shares to Journal’s shareholders. The *Application* states that Journal will announce the record date, the distribution date, and the distribution ratio at a later date.

Norlight, a Wisconsin corporation, has approximately 13 current customers in Tennessee, and is authorized to provide operator services and/or resell telecommunications services pursuant to Authority Order dated August 31, 1996 in Docket No. 96-00890, as amended on March 10, 2006 in Docket No. 05-03330. Norlight is a non-dominant carrier and holds authority to provide intrastate interexchange telecommunications services in approximately 30 states and competitive local exchange telecommunications services in approximately six (6) states. Norlight is a facilities-based communications company with more than 30 years of experience providing network and Internet Protocol and Enhanced services over its regional fiber network. Norlight serves approximately 1400 wholesale and commercial customers in the Upper Midwest and is currently an indirect wholly-owned subsidiary of Journal

Journal, a publicly-traded diversified media and communications company, has operations in publishing, radio and television broadcasting and printing services. Journal publishes the Milwaukee Journal Sentinel, which serves as the only daily newspaper in the Milwaukee metropolitan area. Journal also publishes about 90 community newspapers and shoppers in eight (8) states and provides a wide range of commercial and electronic printing services. In addition, Journal operates a direct marketing services business, but does not provide any intrastate telecommunications services and does not hold any certificates or authorizations from the Authority.

The *Application* states that the transaction is *pro forma* in nature because Norlight's indirect equity owners prior to the proposed transaction will become Norlight's direct equity owners after this transaction. After the spin-off, Norlight will be a widely-held public company, and each individual shareholder is expected to hold less than a 10% equity interest in Norlight. One shareholder of Journal, Matex, Inc., owns a little over 10% equity interest in Norlight, and is therefore expected to hold the same percentage after the proposed transaction. Following this transaction, Journal will have no equity interest in Norlight. The *Application* asserts that Norlight is expected to apply for listing on the NASDAQ exchange, after this transaction. Norlight states that it is in the process of

filing applications for approval for the proposed spin-off transaction with the Federal Communications Commission ("FCC").

According to the *Application*, Norlight's key technical personnel are expected to remain with the company following the indirect transfer of authority which will be conducted in a seamless transparent manner. The *Application* also states that this transaction will not result in a transfer of authorizations or change of carrier for customers. Following consummation of the proposed transaction, Norlight will continue to provide communication services to its customers without interruption and without immediate change in rates, terms or conditions.

#### **August 7, 2006 Authority Conference**

Tenn. Code Ann. § 65-4-113 (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) (2004) provides:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

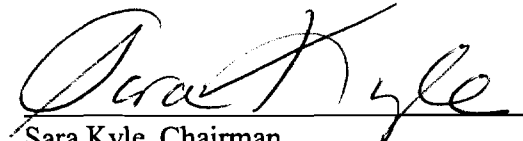
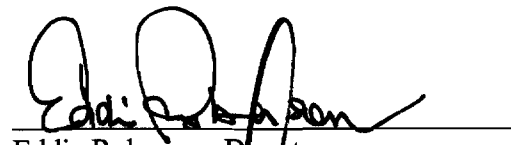
Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

At the regularly scheduled Authority Conference held on August 7, 2006, the voting panel assigned to this docket considered the indirect transfer of authority requested in the *Application*. The panel found that Tenn. Code Ann. § 65-4-113 (2004) applies to this transaction. Based upon the evidentiary and administrative record, and relying on the legal standard set forth in Tenn. Code Ann. § 65-4-113 (2004), the panel determined that the transfer furthers the public interest and voted unanimously to grant approval of the application, contingent upon FCC approval.

**IT IS THEREFORE ORDERED THAT:**

The indirect transfer of authority of Norlight Telecommunications, Inc. as described in the *Application* and discussed herein is approved contingent on approval by the Federal Communications Commission.

  
Sara Kyle, Chairman  
Eddie Roberson, Director  
Pat Miller, Director