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June 30, 2006

Hon. Ron Jones, Chairman
Tennessee Regulatory Authority
ATTN: Sharla Dillon - Dockets
460 James Robertson Parkway
Nashville, TN 37238

IN RE: *Joint Application of Ben Lomand Rural Telephone Cooperative Inc.,
Volunteer Energy Cooperative and Volunteer First Services, Inc. For
Approval of Asset Sale.
Docket No. 06-00174*

Dear Chairman Jones:

Enclosed for filing are the original and 13 copies of the Joint Application of Ben Lomand Rural Telephone Cooperative Inc., Volunteer Energy Cooperative, and Volunteer First Services, Inc. For Approval of Asset Sale. For reasons set forth in the Joint Application, the Applicants request that this matter be considered on an expedited basis.

A \$75.00 check for the required filing fee is also enclosed. If you have any questions or need additional information, please let me know.

Sincerely,

H. LaDon Baltimore, dcg
H. LaDon Baltimore

LDB/dcg
Enclosures

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)	
)	
Joint Application of)	
)	Docket No. 06-_____
Ben Lomand Rural Telephone Cooperative)	
Inc., Volunteer Energy Cooperative and)	
Volunteer First Services, Inc. For Approval)	
of Asset Sale.)	

**JOINT APPLICATION
FOR APPROVAL OF ASSET SALE**

To the extent required by Tenn. Code Ann. §65-29-133(a), Ben Lomand Rural Telephone Cooperative, Inc. (“Ben Lomand”), Volunteer Energy Cooperative (“VEC”) and Volunteer First Services, Inc., (“VFS”) (collectively the “Applicants”) respectfully petition the Tennessee Regulatory Authority (“Authority” or “TRA”) for approval for Ben Lomand to purchase the fifty percent (50%) of the stock of VFS owned by VEC and for VEC to sell the fifty percent (50%) of the stock it owns in VFS to Ben Lomand. Due to the time sensitive closing of the transactions, the applicants further request that the Authority grant the relief requested herein on an expedited basis.

Without conceding that approval by the TRA is mandated by statute, to the extent required, the Applicants submit this joint application for expedited approval in an abundance of caution. It is unclear from the statutes whether TRA approval of the transactions set forth in this application are required. Tenn. Code Ann. §65-29-130(a) provides as follows:

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(a) Cooperatives in foreign corporations engage in rendering telephone service in this state pursuant to this chapter fall within the jurisdiction of the Tennessee Regulatory Authority for the sole specific purposes as set out below:

(1) the establishment of territory boundaries; . . . (3) the approval of sales and purchases of operating telephone properties.

However, Tenn. Code Ann. §65-4-113(b) states:

Any public utility as defined in §65-4-101, may, without the approval or consent of the State of Tennessee or the Authority, or any other agency of the state, sale, lease, or otherwise dispose of any of its property, including, but without limitation, franchises, rights, facilities, and other assets in its capital stock, to any of the nonutilities defined in §65-4-101.

A telephone cooperative is defined as a nonutility in Tenn. Code Ann. §65-4-101(6)(E).

However, as stated above, this application is being presented to the authority for expedited approval in an abundance of caution.

In support of the joint application, the Applicants respectfully show as follows:

I. PARTIES.

VFS is a Tennessee corporation with its principal office located at 235 O'Brien Drive, Crossville, Tennessee 38557. VFS is duly authorized by the TRA to provide all forms of facilities-based and resold local exchange and interexchange telecommunications services. In addition, VFS operates as an Internet Service Provider to other enhanced data services. Fifty percent (50%) of the stock of VFS is owned by VEC and fifty percent (50%) of the stock of VFS is owned by Ben Lomand.

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VEC is a utility cooperative with its headquarters at 18359 Highway 58 North, Decatur, Tennessee 37322.

Ben Lomand is a telephone cooperative as defined in T.C.A. §65-29-102 and serves customers in the Tennessee counties of White, Warren, Van Buren, Grundy and portions of Franklin, Coffee and Bedford. Ben Lomand's principal offices are located at 311 N. Chancery Street, McMinnville, Tennessee 37111-0670.

The authorized representatives of the Joint Applicants in this proceeding are as follows. All inquiries, correspondence, notices and copies of pleadings should be sent to Joint Applicants' counsel:

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II. DESCRIPTION OF TRANSACTION

The Joint Applicants propose a transaction whereby Ben Lomand, currently a 50% owner of VFS, will acquire 100% of the stock in VFS. This is accomplished by buying the remaining 50% of VFS stock owned by VEC. This transaction does not involve transfer of operating authority nor any transfer of customers. VFS will continue to provide competitive

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telecommunication services to its existing customers following consummation of the proposed transaction.

A copy of a Stock Purchase Agreement is attached hereto as Exhibit A and provided under seal as **CONFIDENTIAL AND PROPRIETARY**. The transaction has been approved by the Board, Ben Lomand, and VEC.

Immediately following the consummation of the proposed transaction, VFS will continue to offer services it currently offers with no change in the rates or terms and conditions of service. The transfer of control of VFS will be seamless and transparent to consumers in the State of Tennessee.

III. BEN LOMAND'S QUALIFICATIONS

Ben Lomand has the technical, managerial, and financial qualifications to acquire control of VFS. Further information concerning the legal, technical, managerial, and financial qualifications of the Ben Lomand personnel and financial contributions to VFS was submitted with the application for certification of VFS in Docket No. 03-00607 and is, therefore, a matter of public record. Joint Applicants respectfully request that the Authority take official notice of that information and incorporate it herein by reference. In addition, it should be noted that Ben Lomand is the fifth largest telephone cooperative in the nation and now serves approximately 37,000 customers.

Attached as **CONFIDENTIAL AND PROPRIETARY** Exhibit B is a brief summary of relevant debt guarantee by Ben Lomand.

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Both VFS and Ben Lomand are operated by highly qualified management teams, all members of whom have extensive backgrounds in telecommunications. Information concerning the technical and managerial personnel of both VFS and Ben Lomand were submitted with the Application for Authority of VFS and is, therefore, already a matter of record with the Authority. Applicants request that the Authority take official notice of these existing descriptions of VFS and Ben Lomand's qualifications and incorporate them by reference herein.

IV. PUBLIC INTEREST STATEMENT

Joint Applicants submit that the transaction described herein will serve the public interest. The number of providers in the State will not be reduced. The proposed transaction will maintain the substantial technical and management expertise and financial resources of VFS. This expertise and these resources will continue to allow VFS to be competitive in a telecommunications market. Such competition will give consumers more choice and thus better services and prices. The acquisition of the remainder of the stock of VEC by Ben Lomand will result in the continuation of uninterrupted services, products, and carrier expertise. The Joint Applicants emphasize that the proposed stock sale will be seamless and completely transparent to VFS's customers, and in no event will it result in a discontinuance, reduction, loss, or impairment of service to customers.

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V. CONCLUSION

For the reasons state above, Joint Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this Application for the sale of 50% of the stock of VFS owned by VEC to Ben Lomand.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "H. LaDon Baltimore", is written over a horizontal line.

H. LaDon Baltimore, BPR #003836

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