

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

April 17, 2007

IN RE:

**APPLICATION OF CINERGY COMMUNICATIONS
COMPANY TO PARTICIPATE IN CERTAIN FINANCING
ARRANGEMENTS OF Q-COMM CORPORATION**

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**DOCKET NO.
06-00313**

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Sara Kyle, Director Pat Miller, and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on January 23, 2007 for consideration of the *Application* of Cinergy Communications Company (“Cinergy” or the “Company”) for an Order authorizing participation in certain financing arrangements of Q-Comm Corporation (“Q-Comm” or “Parent”), pursuant to Tenn. Code Ann. § 65-4-109 (2004).

The Application

Cinergy, a Kentucky corporation, is a wholly-owned subsidiary of Q-Comm,¹ a Nevada corporation. Cinergy is a competitive local exchange carrier that provides residential and business customers with traditional voice and data services utilizing facilities-based and resold local exchange services. The Tennessee assets of Cinergy, which includes switches, transmission equipment, computers, office equipment and furniture, comprise approximately 4% of the Company’s total assets.

¹ In Tennessee, Cinergy is authorized to provide local exchange and interexchange telecommunications services pursuant to Authority Order in Docket No. 01-00112 (April 4, 2001).

The *Application* states that Cinergy's parent company, Q-Comm, plans to complete certain financing transactions with Bank of America, including: (1) First Lien Facilities in an aggregate principal amount of up to \$220 million consisting of up to a \$200 first lien tranche B term loan facility with a seven year maturity date and up to a \$20 million first lien revolving credit facility with a five year maturity date; and (2) a second lien term loan facility of up to \$40 million which will mature in seven and one-half years. As a result, the Company asserts that it will be required to provide a guaranty in support of these financing transactions. Additionally, upon closing, Cinergy will pledge its assets as collateral for the financing transactions.² The *Application* further states that the proceeds of the financing transactions will be used primarily to finance the acquisition of Norlight Telecommunications, Inc. ("Norlight").³ Any remaining proceeds will be used for ongoing working capital and other corporate purposes of Q-Comm, Cinergy, and their subsidiaries and affiliates.

Cinergy asserts that its participation in the proposed financing transactions will not result in a change in the Company's management or its day-to-day operations, nor will it adversely affect Cinergy's current or proposed operations in Tennessee. The proposed financing transactions will be seamless and transparent to consumers in Tennessee. Further, the *Application* states that the public interest will be served by the promotion of competition among telecommunications carriers and the subsequent strengthening of Cinergy's position within that competition through access to greater financial resources. In summary, the Company asserts that consumers within the State of Tennessee will benefit from the continued receipt of quality telecommunications services that are priced competitively.

² See, Company's Data Response dated December 21, 2006, which states that all of the Company's assets in Tennessee will be pledged as collateral for the financing transactions.

³ Q-Comm has an *Application* pending before the Authority in Docket No. 06-00303 requesting that the Authority approve a transfer of control of Norlight Telecommunications, Inc.

The January 23, 2007 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.

In accordance with the statute cited above, the Authority has a duty to approve the proposed financing transactions if it is satisfied that the transaction, and its purpose, is in accordance with applicable law. At a regularly scheduled Authority Conference held on January 23, 2007, the voting panel assigned to this docket voted unanimously to approve the *Application* after making the following findings:

1. The financing transaction proposed by the parties is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004) and is being made in accordance with the laws enforceable by the Authority;
2. That the purposes of the above-described transaction are in the public interest such as, but not limited to, the strengthening of Cinergy's ability to provide competitive telecommunications services in the State of Tennessee, resulting in greater competition among telecommunications carriers; and,
3. The decision of the panel is not intended to create any liability on the part of the TRA, the State of Tennessee, or any public subdivision thereof.⁴

⁴ Along with his concurrence with the panel decision, Director Jones, consistent with his decisions in similar dockets, incorporates the following additional findings: (1) the proposed financing transaction is expected to affect the Tennessee assets of the Tennessee certificated entity; (2) Tennessee has a legitimate interest in monitoring the integrity of the competitive marketplace which includes obtaining information on the financial transactions and fitness of certificated telecommunications carriers; and (3) the burden of complying with Tenn. Code Ann. § 65-4-109 (2004) is minimal, and such compliance should be perfunctory given the telecommunications industry's movement to a competitive environment.

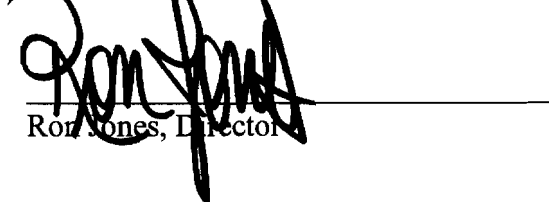
IT IS THEREFORE ORDERED THAT:

1. Cinergy Communications Company is authorized to enter into the financing transaction as described in the *Application* and discussed herein.

2. The authorization 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 risks involved. Nothing 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.


Sara Kyle, Chairman


Pat Miller, Director


Ron Jones, Director