

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 14, 2007

IN RE:

**PETITION OF NUVOX COMMUNICATIONS, INC.
AND SOUTHERN DIGITAL NETWORK, INC. D/B/A
FDN COMMUNICATIONS FOR AUTHORITY TO
PROVIDE THEIR SECURITY IN CONNECTION
WITH FINANCING**

**DOCKET NO.
07-00075**

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Sara Kyle, Director Eddie Roberson 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 May 15, 2007 for consideration of the *Petition of NuVox Communications, Inc. and Southern Digital Network, Inc. d/b/a FDN Communications for Authority to Provide Their Security in Connection with Financing* (“*Petition*”) filed by NuVox Communications, Inc. (“NuVox Communications”) and Southern Digital Network, Inc. d/b/a FDN Communications (“SDN”) (together, “Petitioners”).

NuVox Communications is a Delaware corporation located in Greenville, South Carolina and a subsidiary of NuVox, Inc. (“NuVox”). NuVox Communications provides interexchange and competitive local exchange services in several states and is authorized to provide telecommunications services in Tennessee pursuant to Authority Orders issued in Docket Nos. 99-00806 and 04-00309.¹ NuVox provides facilities based voice and data telecommunications

¹ Docket No. 99-00806, *Order Granting Certificate of Public Convenience and Necessity* (February 22, 2000) and Docket No. 04-00309, *Order Approving Transfer of Authority and Related Transactions* (April 13, 2005).

services to business customers and through its operating subsidiaries has operations in forty-eight markets throughout the sixteen contiguous Midwestern and Southeastern states.

SDN, a Delaware corporation with principal offices in Orlando, Florida, is a wholly-owned subsidiary of Florida Digital Network, Inc. d/b/a FDN Communications (“FDN”). SDN is authorized to provide voice and data services to business customers in several states and is authorized to provide competing local and interexchange services in Tennessee pursuant to Authority Order issued in Docket No. 04-00095.² FDN provides voice and data services including local telephone exchange, long distance and high-speed internet services to businesses in Florida and is in turn a direct, wholly-owned subsidiary of FDN Holdings, LLC (“Holdings”), a non-certificated entity that functions as a holding company for the FDN operating subsidiaries.

The Petition

The Petitioners request approval, pursuant to Tenn. Code Ann. § 65-4-109 (2004),³ for approval to provide their guarantee, grant a security interest in their assets and pledge their stock in connection with their parent companies’ borrowing of an amount of up to \$260 million. The loans are intended for: (1) refinancing certain existing debt of NuVox Communications’ parent, Gabriel Communications Financing Company (“Gabriel”) and SDN’s parent, FDN; (2) financing dividend obligations of NuVox Communications ultimate parent, NuVox; and (3) other corporate purposes.

² Docket No. 04-00095, *Initial Order Granting Certificate of Public Convenience and Necessity* (July 23, 2004).

³ Tenn. Code Ann. § 65-4-109 (2004) provides as follows:

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.

All obligations under the loans will be guaranteed by NuVox Communications and SDN as subsidiaries of the borrowers, Gabriel and FDN LLC. The lenders include Goldman Sachs Credit Partners L.P. ("GSCP"), Wachovia Bank, National Association and other financial institutions selected by GSCP in consultation with the borrowers.

The Petitioners assert that the proposed transaction will serve the public interest by providing the Petitioners with the financial resources to improve their business operations and service capabilities for the benefit of their customers and enhance the Petitioners ability to grow and compete in the evolving telecommunications market.

The May 15, 2007 Authority Conference

At a regularly scheduled Authority Conference held on May 15, 2007, the panel voted unanimously to approve the *Petition* based on the following findings:

1. The proposed financing agreement is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The transactions are being made in accordance with laws enforceable by this agency.⁴

Subsequent Filing

On May 31, 2007, the Petitioners notified the Authority that the amount of the parent companies' proposed financing had increased from \$260,000,000 to \$275,000,000. The Petitioners requested that the Authority consider the notification as an amendment to the *Petition* and further requested that the Authority grant them permission to participate in the transactions which now amounted to \$275,000.000.

⁴ Director Jones made the following additional findings:

- (1) The proposed financing transaction is expected to affect the Tennessee assets of a Tennessee certificated entity.
- (2) Petitioners have stated that they have filed similar petitions in other states and that federal approval of the transaction is not required.
- (3) 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.
- (4) The burden of compliance with Tenn. Code Ann. §65-4-109 (2004) is minimal as such compliance should be perfunctory given the telecommunications industry's movement to a competitive environment.

The June 25, 2007 Authority Conference


At a regularly scheduled Authority Conference held on June 25, 2007, the panel voted unanimously to approve the amendment to the *Petition*.

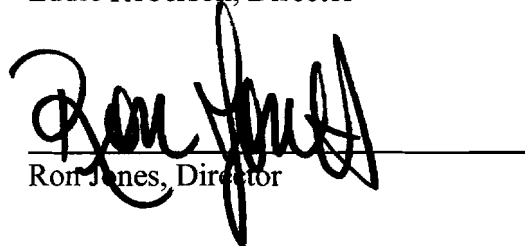
IT IS THEREFORE ORDERED THAT:

1. NuVox Communications, Inc. and Southern Digital Network, Inc. d/b/a FDN Communications are authorized to participate in the financing transactions in the amount of \$275,000,000 as described in the *Petition*, as amended, and discussed herein.

2. The authorization and approval given shall not be used by any party for the purpose of inferring an analysis or assessment of the risks involved. This decision is not 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


Eddie Roberson, Director


Ron Jones, Director