

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

January 17, 2008

VIA FACSIMILE & U.S. MAIL

Henry Walker, Esq.
Boult, Cummings, Conners & Berry PLC
1600 Division Street, Suite 700
P.O. Box 340025
Nashville, TN 37203

RE: Request for an Investigation of the Business Partnership Between
Memphis Light Gas & Water and Memphis Network, LLC
Docket No.: 07-00183

Dear Mr. Walker:

Enclosed please find cover letters along with Second Data Requests directed to Memphis Light Gas & Water and Memphis Network LLC in the above-captioned docket. Please forward these requests to those persons responsible for providing responses. Please file responses to these requests no later than **2:00 p.m. on Thursday, January 31, 2008.**

Thank you for your attention regarding this matter. Should you have any questions, please do not hesitate to contact me.

Very truly yours,

J. Richard Collier
General Counsel

Encl.

cc Docket File No. 07-00183

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

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January 17, 2008

Mr. Dan Platko, CEO
Memphis Networx, LLC
7620 Appling Center Dr., Suite 101
Memphis, TN 38133

RE: Docket No. 07-00183, Request for an Investigation of the Business Partnership
Between Memphis Light, Gas & Water and Memphis Networx, LLC

Dear Mr. Platko:

As a followup to responses provided to the Authority's first data request, enclosed please find the second data request. Please provide responses to the attached questions no later than **2:00 P.M. on Thursday, January 31, 2008**. Please address the responses to Darlene Standley and reference Docket No. 07-00183. Should you have any questions regarding the request, please contact me at (615) 741-2904 ext. 170 or David Foster at ext. 188.

Very truly yours,

J. Richard Collier
General Counsel

Enclosure

c: Docket File No. 07-00183

Second Data Requests

The following questions and requests seek information supplementing the Responses to Data Requests provided by Memphis Networkx and Memphis Light Gas and Water.

1. Explain the rationale for using the interest rate described in response to Request No. 1 and state whether alternatives were discussed in determining an interest rate to reflect loss of use of those funds. Describe any costs expended in the management of the funds.
2. Identify and provide the amount and source of any “in-kind” investment by MLGW in Memphis Networkx.
- 3.2 Explain in detail how loan funds were utilized by Memphis Networkx, providing copies of accounts payable ledger(s) and a breakdown of all contracts between Memphis Networkx and third parties, including name of contracting party, nature of services or goods provided under contract, dollar amount of contract, duration of contract and amount(s) paid or owed by Memphis Networkx for services under contract. State the amount of equity funds provided to Memphis Networkx and provide a detailed breakdown as to how equity funds were utilized by Memphis Networkx.
4. Describe any benefits beyond salaries that were extended from MLGW to Memphis Networkx employees. Describe any benefits beyond salaries gained by Memphis Networkx employees.
- 4.1 Provide information regarding any salaries paid or benefits extended from Memphis Broadband or any affiliated company to Memphis Networkx employees.
- 4.2 State whether any MLGW employees performed work for Memphis Broadband or any affiliate thereof. If so, identify the MLGW employees, describe the nature of the work performed and state whether any compensation was paid for those services.
- 4.3 Identify any MLGW employees who “have performed oversight and monitoring roles of Memphis Networkx on behalf of MLGW.”
- 4.4 Provide copies of all Invoices, work orders, employee time cards, and other related documents for “pole preparation and other outside plant work for Memphis Networkx” performed by MLGW employees.
5. Identify by name and current address, any past or current investors and past or current members of the board for Memphis Broadband LLC. Identify by name and current address, any past or current minority investors in Memphis Networkx or Memphis Broadband.

- 5.2a As to the members of Memphis Broadband identified in previous response to 5.2, provide the following information:
- (1) Identify any past or current members of the boards of each entity.
 - (2) State the ownership interest of each entity in Memphis Broadband.
 - (3) State whether any past or current employees, past or current investors, or past or current officers of an entity are also past or current employees, past or current investors or past or current officers of MLGW or Memphis Networkx.
 - (4) State whether any past or current employees, past or current investors, or past or current officers of an entity are also past or current employees, past or current investors or past or current officers of CII Holdco, Inc. or the McLean Group.
- 5.3 Identify by name and address each entity that participated in the bid process for the sale of Memphis Networkx. Identify the principals in each bidding company and any overlap of owners or employees with MLGW and/or CII Holdco, Inc. What criteria served as the basis for the selection of CII Holdco, Inc. as the winning bidder? Please state whether CII Holdco, Inc. has or had any present or past business relationships with MLGW and or Memphis Networkx and, if so, describe those business relationships.
6. Response to 6.2 states that all of Memphis Networkx's customers are served through special contract arrangements. Provide copies of all special contract arrangements.
- 10.1 Provide documentation, including letters, memoranda, etc., regarding any investment in Memphis Networkx by private investors.
11. Provide a detailed explanation as to the basis for asserting that confidentiality prevents MLGW and Memphis Networkx from responding to this request.
12. Provide a breakdown of construction costs beyond the general description provided in response to No. 12, detailing costs for outside plant and broadband equipment.
14. Provide copies of notes or minutes from all meetings of the MLGW board reflecting discussion of the sale of Memphis Networkx or of MLGW relinquishing control of Memphis Networkx.
15. Identify who nominated the three board seat members for MLGW on Memphis Networkx.
16. Provide a copy of the contract with McLean Group.

17. Identify the members of Memphis Broadband that will receive or have received payment from proceeds of the sale of Memphis Networkx and which members have not or will not receive payment. Provide documentation showing how proceeds from the sale of Memphis Networkx will be dispersed. Provide copies of all employment agreements reflecting retention bonuses paid to senior management team members and the terms of such retention.
- 19.1 Identify each financial institutions account.
- 19.2 Provide copies of each account statement and deposit and withdrawal items and all communications with each financial institution identified by respondents in response to question 19, including, but not limited to letters, emails, memos, notes, etc.
22. Provide copies of all past and current agreements for services provided to MLGW or Memphis Networkx by Boulton Cummings, Conners & Berry, PLC.
- 22.1 Provide history of all services provided to MLGW or Memphis Networkx by Boulton, Cummings, Conners & Berry, PLC.
- 22.2 Provide copies of all invoice and payments for services provided to MLG&W or Memphis Networkxs by Boulton, Cummings, Conner & Berry, PLC.
- 23.1 Provide copies of all Memphis Networkx Federal tax filings and related documents filed or prepared by MLGW.
- 24 Provide copies of Memphis Networkx Accounts Payable ledger and Accounts Payable Journal.
- 25 Provide all proprietary agreements cited by respondent in Boulton, Cummings Conner, & Berry's PLC. letter dated August 30 2007, prohibiting disclosure of information by respondent to Tennessee Regulatory Authority (TRA). Cite statutes, which support respondent's objections to TRA's regulatory jurisdiction as stated by respondents in, Boulton Cummings, Conner, & Berry PLC., letter dated August 30, 2007.

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

January 17, 2008

Mr. Rick Masson
Interim President and CEO
Memphis Light, Gas & Water
P.O. Box 430
Memphis, TN 38101-0430

RE: Docket No. 07-00183, Request for an Investigation of the Business Partnership
Between Memphis Light, Gas & Water and Memphis Networx, LLC

Dear Mr. Masson:

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Very truly yours,

A handwritten signature in cursive script that reads "J. Richard Collier".

J. Richard Collier
General Counsel

Enclosure

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- 22.2 Provide copies of all invoice and payments for services provided to MLGW or Memphis Networks by Boulton Cummings, Conner & Berry, PLC.
- 23.1 Provide copies of all Memphis Network Federal tax filings and related documents filed or prepared by MLGW.
- 24 Provide copies of Memphis Network Accounts Payable ledger and Accounts Payable Journal.
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TRANSMISSION VERIFICATION REPORT

TIME : 01/17/2008 22:20
NAME : TRA LEGAL DIVISION
FAX : 615-741-9934
TEL : 6157419934
SER.# : 000C4J126313

DATE, TIME
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Tennessee Regulatory Authority

460 James Robertson Parkway

Nashville, Tennessee 37243-0505

FAX

Date: JANUARY 17, 2008

Number of pages including cover sheet: 10

To:

HENRY WALKER, ESQ
BOULT, CUMMINGS, CONNERS
& BERRY PLLC

Phone: (615) 252-2363
Fax phone: (615) 252-6363
XC:

From:

RICHARD COLLIER
741-3191 x170