

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

December 7, 2007

IN RE:

PETITION OF GLOBALCOM, INC. D/B/A GCI
GLOBALCOM, INC. FOR APPROVAL OF FINANCING
TRANSACTION

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DOCKET NO.
07-00232

ORDER APPROVING FINANCING TRANSACTION

This matter came before Chairman Eddie Roberson, 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 November 6, 2007 for consideration of the *Petition* requesting authorization to borrow up to \$18.36 million filed by Globalcom, Inc. d/b/a GCI Globalcom, Inc. ("Globalcom" or "Petitioner") on October 4, 2007.

Globalcom, is a wholly-owned subsidiary of GCI Globalcom Holdings, Inc., and is authorized to provide resold interexchange toll and operator services in Tennessee pursuant to Authority Order issued in Docket No. 00-00541 on August 1, 2000.

The *Petition*

Globalcom seeks authorization to incur up to an aggregate amount of \$18.36 million in debt. The debt facilities will be secured by substantially all existing and subsequently acquired assets of Globalcom. In an October 12, 2007 Data Response, the Petitioner stated that Globalcom does not have assets located in Tennessee but subsequently clarified that accounts receivable from Tennessee customers are assets to be pledged under the terms of the financing.¹

¹ E-mail Correspondence between Sharon Thomas and Carlos Black filed October 23, 2007.

The Petitioner plans to use the proceeds from Facility A to provide working capital support; proceeds from Facility B to consolidate existing term debt; and proceeds from Facility C to fund various capital projects to be completed in fiscal years 2007 and 2008 and for other general corporate purposes. The Petitioner stated that participating in the proposed financing transactions will not result in a change in management, the company's day-to-day operations or their current operations in Tennessee. Customers will continue to receive the same service at the same rates, terms, and conditions, making the transaction seamless and transparent to Tennessee consumers. The Petitioner asserts that the financing transaction will serve the public interest by enabling Globalcom to better utilize available funds, thereby enhancing its services in Tennessee.

Findings and Conclusions

The Petitioner's request for approval to participate in a financing transaction is governed by Tenn. Code Ann. § 65-4-109 (2004) which provides:

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.

At a regularly scheduled Authority Conference held on November 6, 2007, the panel voted unanimously to approve the *Petition* based on the following findings:

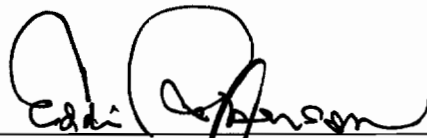
1. The proposed financial transaction is subject to the Authority's approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The financing transaction is being made in accordance with laws enforceable by this Agency.
3. The proposed financing transaction is in the public interest because it will strengthen the

Petitioner's competitive position by providing access to greater financial resources.²


IT IS THEREFORE ORDERED THAT:

1. Globalcom, Inc. d/b/a GCI Globalcom, Inc. is authorized to participate in the transaction financing up to \$18.36 million as described in the *Petition* and discussed herein.

2. The Authority's approval of this transaction should not be used by any party for the purpose of inferring an analysis or assessment of the risks involved. Additionally, this decision is not intended to create any liability on the part of this Agency, the State of Tennessee or other political subdivision thereof.


Eddie Roberson, Chairman

 11-30-07
Pat Miller, Director


Ron Jones, Director

² Director Jones made the following additional findings:

- (1) The proposed transaction is expected to affect the Tennessee assets of a Tennessee certificated entity.
- (2) The Petitioner has stated that it has filed similar petitions in other states and that federal approval of the indebtedness 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.