

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

January 17, 2008

IN RE:

**PETITION OF BEN LOMAND RURAL TELEPHONE
COOPERATIVE, INC., BEN LOMAND COMMUNICATIONS,
INC., AND BEN LOMAND HOLDINGS INCORPORATED FOR
APPROVAL OF AN INTERNAL CORPORATE
REORGANIZATION**

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**DOCKET NO.
07-00255**

**ORDER APPROVING AN INTERNAL CORPORATE REORGANIZATION AND
TRANSFER OF CERTIFICATES OF CONVENIENCE AND NECESSITY**

This matter came before Chairman Eddie Roberson, Director Sara Kyle 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 December 17, 2007 for consideration of the *Petition of Ben Lomand Rural Telephone Cooperative, Inc., Ben Lomand Communications, Inc., Volunteer First Services, Inc., Ben Lomand Communications, LLC and Volunteer First Services, LLC for Approval of an Internal Corporate Reorganization and Transfer of Certificates of Convenience and Necessity* (“*Petition*”) filed on November 14, 2007 by Ben Lomand Rural Telephone Cooperative, Inc. (“Ben Lomand”), Ben Lomand Communications, Inc. (“BLC Inc.”), Volunteer First Services, Inc. (“Vol First Inc.”), Ben Lomand Communications, LLC (“BLC LLC”) and Volunteer First Services, LLC (“Vol First LLC”) (collectively, “Petitioners”).

Ben Lomand is a telephone cooperative as defined in Tenn. Code Ann. § 65-29-102 and serves customers in the Tennessee counties of White, Warren, Van Buren, Grundy, and portions of Franklin, Coffee, and Bedford.

BLC Inc., a wholly owned subsidiary of Ben Lomand, is a diversified telecommunications company and is authorized to provide intrastate telecommunications services as a competing telecommunications provider in Tennessee.¹

Vol First Inc., a wholly owned subsidiary of Ben Lomand, provides local and interexchange telecommunications and other enhanced data services, and operates as an Internet Service Provider. Vol First Inc. is also authorized to provide competing telecommunications services in Tennessee.²

BLC LLC, a wholly owned subsidiary of Vol First Inc., is a Tennessee limited liability corporation formed to acquire the assets of BLC Inc. in order to provide the diversified telecommunications services now provided by BLC Inc.

Vol First LLC, also a wholly owned subsidiary of Vol First Inc., is a Tennessee limited liability corporation formed to acquire the assets of Vol First Inc. in order to provide the diversified telecommunications services now provided by Vol First Inc.

The Petition

The Petitioners request authorization to consummate an internal corporate reorganization through which BLC Inc. will become a wholly owned subsidiary of Vol First Inc. The transfer of ownership will occur through the transfer of Vol First Inc. stock to Ben Lomand in exchange for Ben Lomand's stock holdings in BLC Inc. Specifically, Vol First Inc. will transfer the assets of BLC Inc. and Vol First Inc. to two new, wholly-owned subsidiaries of Vol First Inc., BLC LLC and Vol First LLC, respectively.

Following the merger, BLC LLC and Vol First LLC will provide service to the existing customers of BLC Inc. and Vol First Inc. BLC Inc. and Vol First Inc. customers will continue to receive their existing services at the same rates, terms and conditions as prior to the transfer, making the transactions transparent to customers. The management of the companies will remain the same, and there will be no

¹ See *In re: Application of Ben Lomand Communications, Inc. for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Services as a Competing Telecommunications Service Provider*, Docket No. 98-00600, *Order Granting Certificate of Convenience and Necessity* (April 28, 1999).

² See *In re: Petition of Volunteer First Services, Inc. for a CCN to Provide Competing Telecommunications Services in Tennessee*, Docket No. 03-00607, *Initial Order Approving CCN* (April 30, 2004).

meaningful change in the ownership or services of the Petitioners. Upon completion of the proposed transactions, Vol First Inc. will change its name to Ben Lomand Holdings, Inc. and serve as a holding company for the two certificated entities. The Petitioners expect that the transaction will yield substantial operational and financial benefits to the combined companies and benefit customers by resulting in a greater number of products and services at more competitive prices.

The Petitioners also seek a waiver of the requirement that the customer notification letter be sent to customers thirty days prior to a transfer and approval to insert the notification in the customer's bill,³ stating that the logo of the current provider will be displayed on the letterhead and the exterior envelope, and that customers are not getting moved to a new carrier but to a restructured BLC Inc. and Vol First Inc.

The Petitioners assert that considering the *pro-forma* nature of the reorganization, no Federal Communications Commission self-certification letter is required.⁴

Findings and Conclusions

Tenn. Code Ann. § 65-4-113(a) (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services and provides as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon application for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

Regarding approval of the customer notification letter, Tenn. Comp. R. & Regs. 1220-4-2-

³ Data Response, p.1 (December 3, 2007).

⁴ Data Response, p.2 (December 6, 2007).

.56(2)(d) provides:

- (d) In the case of a transfer of a customer base between two or more telecommunications service providers, the Authority, upon petition by the acquiring telecommunications service provider, may deem that sufficient notice has been given and approval received from the affected customers when the following criteria are met:
1. The acquiring telecommunications service provider shall provide the Authority a copy of the self-certification letter it shall file with the Federal Communications Commission ("FCC"), as required in CC Docket No. 00-257, certifying that the customer transfer is in compliance with all FCC regulations governing such transactions.
 2. A notification letter, pre-approved by the Authority, shall be mailed by the current provider of telecommunications service to its customers describing the customer transfer and explaining that unless the customer selects another telecommunications service provider, the customers' local or long distance service will be transferred to the acquiring telecommunications service provider by a date specified in the notification letter. The notification letter shall be mailed by U.S. First Class Postage, with the logo or name of the current provider displayed on both the letterhead and the exterior envelope, no less than thirty (30) days prior to the actual customer transfer. For good cause shown, the Authority may waive any requirement of this part or order any requirement thereof to be fulfilled by the acquiring provider. Good cause includes, but is not limited to, evidence that the current provider is no longer providing service in Tennessee.
 3. The acquiring telecommunications service provider agrees to pay any fees charged to the customer associated with changing service to the acquiring telecommunications service provider. The notification letter required in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision.
 4. The acquiring telecommunications service provider agrees to provide to the affected customers a thirty (30) day written notice of any rate increase that may affect their service up to ninety (90) days from the date of the transfer of customers. The notification letter mentioned in 1220-4-2-.56(2)(d)(2) shall inform the customer of this provision.

At the regularly scheduled Authority Conference held on December 17, 2007, the panel voted unanimously to approve the *Petition* and made the following findings:

1. Tenn. Code Ann. § 65-4-113 (2004) governs this transaction and the transaction is in the public interest.
2. The customer notification letter complies with TRA Rule 1220-4-2-.56(2)(d)(2).

3. There is good cause to shorten the thirty-day pre-transfer notice period and allow the notification to be included as a bill insert.


4. The request for approval of a name change for Vol First Inc. is unnecessary.

IT IS THEREFORE ORDERED THAT:

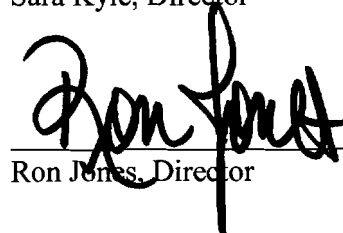
1. Ben Lomand Rural Telephone Cooperative, Inc., Ben Lomand Communications, Inc. and Ben Lomand Holdings Incorporated are authorized to consummate an internal corporate reorganization as described in the *Petition Of Ben Lomand Rural Telephone Cooperative, Inc., Ben Lomand Communications, Inc., Volunteer First Services, Inc., Ben Lomand Communications, LLC and Volunteer First Services, LLC for Approval of an Internal Corporate Reorganization and Transfer of Certificates of Convenience and Necessity* and discussed herein.

2. The thirty-day pre-transfer customer notification requirement of TRA Rule 1220-4-2-.56(2)(d)(2) is waived for good cause.

3. The customer notification letter is approved and can be sent as a bill insert.


Eddie Roberson, Chairman


Sara Kyle, Director


Ron Jones, Director