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Amount 25.00

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Date 8/11/08

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August 8, 2008

VIA UPS

Ms. Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

DOCKET NO.

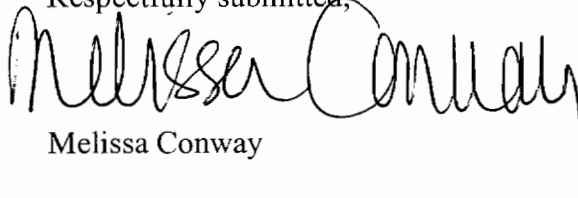
08-00147

Re: Application of CTC Communications Corp. for Authority to Provide
Security in Connection with Financing

Dear Ms. Dillon:

Enclosed for filing with the Tennessee Regulatory Authority, please find an original, thirteen (13) copies and a duplicate copy of the above-referenced application. Please also find a check in the amount of \$25 to cover the filing fee. Also enclosed is a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should there be any questions with respect to this filing, please contact Melissa Conway at (202) 342-8552.

Respectfully submitted,


Melissa Conway

Enclosures

In the Matter of the Application of)
)
CTC Communications Corp.)
)
for Authority to Provide Security in)
Connection with Financing)

The operating subsidiary of One Communications Corp. (“One”) in Tennessee,¹ CTC Communications Corp. (“CTC”, and together with One, the “Applicants” or “Borrowers”, by their counsel and pursuant to T.C.A. §65-4-109, hereby requests authority from the Tennessee Regulatory Authority (“Authority”), to the extent it may be necessary,² to provide its guarantee, serve as co-borrower, or otherwise provide security in connection with financing of up to \$2.0 billion being arranged for various affiliated companies, including but not limited to, One (the “Financing”).

I. APPLICANTS

¹ One and its operating subsidiary in Tennessee each use the d/b/a “One Communications.”

2 Although CTC is seeking any necessary approval for its participation in this financing transaction, it is doing so without prejudice to its right to assert that this transaction is beyond the jurisdiction of the state commissions. See, e.g., *State ex rel. Utils. Comm'n v. S. Bell Tel. & Tel.*, 207 S.E.2d 772, aff'd 217 S.E.2d 543 (N.C. 1975).

which also have principal places of business located at 220 Bear Hill Road Waltham, Massachusetts 02451. One's operating subsidiaries are common carriers that provide communications services to small, medium and large size businesses predominantly in the Northeast, Mid-Atlantic, and Midwest regions (Connecticut, Delaware, District of Columbia, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, and Wisconsin) as well as to a small number of residential customers in Connecticut, New York, and West Virginia. In Tennessee, CTC is authorized to provide resold interexchange telecommunications services.³ Each of One's subsidiaries operates pursuant to One's international FCC authority and does business under the name "One Communications."

One's subsidiaries' service offerings include local, long distance, and toll free telephony services; post-paid calling card services; conference calling; frame relay, private line, DSL, VPN, and ATM services; web hosting; Internet access, webmail, and converged services. Where possible, One's subsidiaries provide their services using their own broadband, IP-based network consisting of Cisco network infrastructure and a redundant fiber optic backbone (10,000 fiber miles). The network also includes the use of packet switching technology as well as more traditional circuit switches. In addition, the One subsidiaries provide service by reselling the local and interexchange telephony services of other telecommunications carriers.

³ See Docket No. 95-02530, September 12, 1995.

II. DESIGNATED CONTACTS

The designated contacts for questions concerning this Application are:

James P. Prenetta, Jr.
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Counsel for One

III. DESCRIPTION OF THE FINANCING

The Borrowers propose to borrow up to \$2.0 billion through one or more financing arrangements with banks, other financial institutions, and/or other types of investors. The exact amounts and terms of the financings, which may be completed in multiple tranches, will not be finalized until the specific arrangement(s) have been completed or shortly before funding of the various transactions and will reflect the market conditions then existing. Some of the terms, such as interest rate, may fluctuate during the term of the financings due to changes in market conditions and the financial condition and/or the performance of the Borrowers. The terms of the financing arrangements are expected to be substantially as follows:

- Lenders:* Due to the anticipated size of the borrowings, it is expected that the lenders will be a consortium of banks, financial institutions, private lending institutions, private individuals, and/or other institutions the composition of which may change over the term of the financings. However, other types of investors may be relied upon as well.
- Amount:* Up to \$2.0 billion. Portions of the borrowed funds may be in the form of conventional credit facilities such as revolving credits (which can be reborrowed during the term of the commitment); letters of credit; the issuance of secured or unsecured notes or debentures to banks, other types of financial institutions, or other accredited investors.
- Maturity:* The maturity date, which is subject to negotiation, will depend on credit conditions, but is expected to be a range between five and ten years from the date of issuance. It is possible that some of the financing may be for a shorter or longer period. Principal payments will be made periodically in accordance with a prescribed schedule established for such borrowing. Repayment of principal could commence within twelve months of the borrowing, could commence several years from the date of the borrowing, or could be due in a "bullet payment" at maturity.
- Security:* Relevant to this Application, some and perhaps all of the borrowings could be secured by a first ranking security interest in specified assets of CTC, including a security interest in its stock, receivables, tangible personal property and equipment. In some cases, CTC may provide guarantees or serve as co-borrowers. Any associated security documents would contain appropriate provisions indicating that the exercise of certain rights thereunder would be subject to obtaining prior regulatory approval.
- Use of Proceeds:* Some of the proceeds may be used to repay existing indebtedness, for general corporate purposes, capital expenses, and working capital. Other proceeds may be used to fund the acquisition of other telecommunications companies and/or telecommunications assets.

To the extent specific approval would be required for provision of such commitments by CTC, such authority is hereby requested.

IV. PUBLIC INTEREST STATEMENT

The proposed Financing will serve the public interest by enhancing the ability of the Applicants to grow and compete in the highly competitive markets for telecommunications services in Tennessee and nationwide. Approval of the Financing described herein is not expected directly to affect in any way the rates or services of the Applicants, or result in any change in control. The Financing will provide the Applicants with the financial resources needed to further grow and expand their business and to compete in today's highly competitive telecommunications environment.

The Applicants compete in Tennessee and other markets with numerous other interexchange carriers and enhanced service providers as well as the incumbent local exchange carrier and other competitive local exchange carriers. Because CTC is a non-dominant carrier, it is not subject to rate of return regulation and its capital structure should be immaterial to the Authority. In addition, because of the highly competitive environment in which they operate, the prices the companies charge their customers are subject to significant market discipline and the services offered generally are available from multiple other carriers. As a result, the source of funds and capital structure of CTC would have no appreciable effect on customers in Tennessee or elsewhere. In the unlikely event that their capital structure becomes too costly and prices rise, customers may simply migrate to other carriers with better pricing. Thus, any adverse consequences from the financing decisions impact the shareholders, not the customers, and any favorable consequences benefit both shareholders and consumers through higher profits, lower rates, and better services.

Because the public interest is best served by ensuring the continued presence of numerous telecommunications competitors in Tennessee, the Authority should use its

authority to enable competitors to arrange financing in the manner they deem most appropriate to carry on business so long as there is no adverse impact on the public. Lack of such flexibility will discourage new competitors from entering the state and could encourage existing competitors in the state to seek a more favorable regulatory environment elsewhere, to the detriment of Tennessee consumers.

V. CONCLUSION

Based on the foregoing, the Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this Application.

Respectfully submitted,

CTC Communications Corp.

A handwritten signature in black ink, appearing to read "Melissa Conway", is written over a horizontal line.

Joan M. Griffin

Melissa Conway

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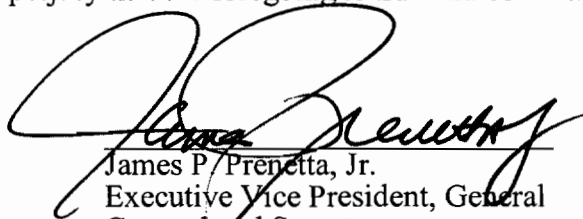
Their Counsel

Date: August 8, 2008


VERIFICATION

I, James P. Prenetta, Jr., am Executive Vice President, General Counsel and Secretary of One Communications Corp. and am authorized to represent it and its affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to One Communications Corp. and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.


James P. Prenetta, Jr.
Executive Vice President, General
Counsel and Secretary
One Communications Corp.

Subscribed and sworn to before me this 14th day of August 2008.


Notary Public

My Commission expires: _____

