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September 15, 2009

VIA E-MAIL AND HAND DELIVERY

Chairman Sara Kyle c/o Ms. Sharla Dillon Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, Tennessee 37243

Re: Amended Joint Application Of Ardmore Telephone Company, Inc., Ardmore Communications, LLC and Synergy Technology Partners, Inc. Regarding Transfers of Control, *Docket No. 09-00103* 

Dear Chairman Kyle:

Enclosed please find an original and five (5) copies of the Amended Joint Application Of Ardmore Telephone Company, Inc., Ardmore Communications, LLC and Synergy Technology Partners, Inc. Regarding Transfers of Control. The amendments for the most part are small modifications related to adding Ardmore Communications as a party to the Application, with substantive additions limited to paragraphs 1, 7a, 14a, and 16a, and in the Application's Request for Relief. Exhibits to the original Joint Application are incorporated by reference thereto.

Please stamp a copy of this Amended Joint Application as "filed" and return it to me by way of our courier.

Should you have any questions concerning any of the enclosed, please do not hesitate to contact me.

With kindest regards, I remain

Very truly yours,

12. Daniel

R. Dale Grimes

Enclosures

cc: Hon. Mary Freeman (w/o endosure)

Hon. Eddie Roberson, Ph.D. (w/o endosure)

Chairman Sara Kyle September 15, 2009 Page 2

Hon. Kenneth C. Hill (w/o endosure)
Andy McQueen, Esq.
Mr. Trevor Bonnstetter
Mr. Levoy Knowles
Mr. Clyde Warren Nunn
Melvin Malone, Esq.
Clint Cromwell, Esq.
Mr. Terry Wales

# BEFORE THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE

In re:	)	
Joint Application of Ardmore Telephone Company, Inc., Ardmore Communications, LLC, and Synergy Technology Partners, Inc. Regarding Transfer of Control of Ardmore Telephone Company, Inc.	) ) ) )	Docket No. 09-00103
• •	)	

# AMENDED JOINT APPLICATION OF ARDMORE TELEPHONE COMPANY, INC., ARDMORE COMMUNICATIONS, LLC AND SYNERGY TECHNOLOGY PARTNERS, INC. REGARDING TRANSFERS OF CONTROL

Ardmore Telephone Company, Inc. ("Ardmore") and Ardmore Communications, LLC ("Ardmore Communications"), certificated to provide telecommunications services in the State of Tennessee, and Synergy Technology Partners, Inc. ("Synergy") (jointly, the "Applicants") respectfully request the Tennessee Regulatory Authority ("Authority") pursuant to Tenn. Code Ann. §§ 65-4-112 and 65-4-113 to approve the merger of Ardmore Communications with Ardmore and the subsequent transfer of control of Ardmore to Synergy (the "Transaction"). Synergy is a subsidiary of West Kentucky Rural Telephone Cooperative Corporation, Inc. ("West Kentucky") and Ben Lomand Rural Telephone Cooperative, Inc. ("Ben Lomand") formed for purposes of this Transaction. Both cooperatives offer telecommunications services in the State of Tennessee. Neither West Kentucky nor Ben Lomand will be affected by this acquisition.

In Tennessee, Ardmore offers local exchange services and internet services through Ardmore.net, while Ardmore Communications offers long distance service. West Kentucky provides local exchange service, and state of the art voice, internet and long distance service in northwest Tennessee and western Kentucky. Ben Lomand provides local exchange service, competitive local exchange service, long distance service, broadband and dial-up internet service, digital and HD cable television and DVR service and cellular telephone services in Tennessee. In addition, the Applicants will seek approval of any other related transactions or other such relief as may be necessary or appropriate to fully consummate the Transaction. Finally, the Applicants respectfully request that the Authority approve this Amended Joint Filing in an expedited timeframe to allow the Applicants to timely consummate the Transaction no later than November 2009.

#### I. INTRODUCTION

1. Ardmore, Ben Lomand, West Kentucky and Synergy entered into a Stock Purchase Agreement ("Purchase Agreement") as of June 19, 2009. Ardmore is an independent, privately-owned telecommunications company operating out of Ardmore, Tennessee that provides telephone and internet services to several rural towns in Tennessee and Alabama. Ben Lomand is privately-owned cooperative with operations in 12 counties across Tennessee. West Kentucky provides local exchange service, long distance, voice, and internet service in Tennessee and Kentucky. Synergy is a directly owned subsidiary of Ben Lomand and West Kentucky created to effectuate this Transaction. Under the terms of the Purchase Agreement, Synergy will acquire Ardmore in a cash-for-stock transaction to be consummated immediately following, but in conjunction with, the merger of Ardmore Communications with Ardmore, with Ardmore as the surviving company. Ardmore Communications is an independent, privately-

<sup>&</sup>lt;sup>1</sup> The Purchase Agreement is attached as Exhibit A to the original Joint Application filed by Applicants on July 14, 2009 in this Docket, and is incorporated by reference hereto. Specific provisions addressing the Ardmore Communications and Ardmore merger appear in Section 7.7 of that Purchase Agreement.

owned telecommunications company providing long-distance service to customers of Ardmore who choose Ardmore Communications as their long-distance provider.

- 2. Under the terms of the Transaction, Ardmore will become a direct wholly-owned subsidiary of Synergy. <sup>2</sup>
- 3. In connection with this Transaction, the Applicants respectfully request that the Authority approve the merger of Ardmore Communications with Ardmore and the subsequent transfer of control of Ardmore to Synergy.
- 4. As explained in detail below, the Transaction is in the public interest and is in full compliance with applicable law. The Transaction contemplates a merger of two affiliates and a transfer of control. Ardmore will continue as a certificated carrier in Tennessee and will continue to have the requisite managerial, technical and financial capability to provide services to its local and long-distance customers. Immediately upon the completion of the Transaction, end user customers will continue to receive service at the same rates, terms and conditions as immediately prior to the Transaction; as such, the Transaction will be transparent to the customers. Any subsequent service or price changes will be made in accordance with all applicable rules and laws.
- 5. The Transaction also affiliates Ardmore with communications companies with equally strong customer-focused foundations and a commitment to civic involvement, as well as deep roots serving rural markets in Tennessee. Ben Lomand and West Kentucky also possess state of the art communications capabilities. Thus, the Transaction will provide Ardmore with greater financial and operational resources to capitalize on marketplace opportunities, diversify

<sup>&</sup>lt;sup>2</sup> Ardmore will continue as a surviving corporation, but some changes that are technical in nature will be implemented to the company's By-Laws and Certificate of Incorporation. Such changes are not anticipated to materially affect present or future Ardmore customers.

revenues, and expand networks, expertise and financial resources to build long-term value for customers and shareholders.

6. The communications industry has changed dramatically in the last several years, and the industry continues to experience change at a frenetic pace. Competition, and particularly intermodal competition, is widespread with wireless and wireline carriers competing daily for customers. Local wireline carriers face increasing competition from other providers of voice services and from cable operators providing voice, video and data offerings. As a result of this more competitive environment and the rapidly changing fundamentals of the wireline business, carriers such as Ardmore, Ardmore Communications, West Kentucky and Ben Lomand must adapt to compete more effectively. Wireline businesses will require greater strategic flexibility to bring new products and expanded services to the marketplace more quickly and to enhance customer service. These evolving market dynamics place unique pressures on smaller companies such as Ardmore, Ardmore Communications, West Kentucky and Ben Lomand, which operate predominantly in smaller, rural service areas.

#### II. THE PARTIES

7. Ardmore is corporation organized and existing under the laws of the State of Tennessee, with its principal office located at P.O. Box 549, Ardmore, Tennessee 38449. Ardmore is a public utility, as defined by Tennessee Code Annotated § 65-4-101 and offers a complete suite of communications services to residential consumers and businesses, including local, long distance, and internet services. Ardmore has incumbent local exchange carrier ("ILEC") operations in Giles and Lincoln Counties in Tennessee and Limestone and Madison Counties in Alabama. Of Ardmore's approximately 8,420 local access lines, 2,577 offer service to subscribers in Tennessee. All central offices are digital, connected with 150 miles of fiber

optic cable. Its 32 employees remain dedicated to providing the rural areas of both states with the latest in telephone technology and advanced service. The Transaction will not change how Ardmore is regulated by the Authority immediately following the closing.

- 7a. Ardmore Communications is a limited liability company organized and existing under the laws of the State of Tennessee with its principal office located at P.O. Box 549, Ardmore, Tennessee 38449. Ardmore Communications provides long-distance service to Ardmore customers who select Ardmore Communications as their long-distance provider. As an affiliate of Ardmore, Ardmore Communications utilizes Ardmore's billing and customer service functions, shares management personnel, and occupies the same office space. Accordingly, Ardmore customers receive a single bill that includes charges for both entities and customers contact the same business and customer service lines for either company.
- 8. Ben Lomand is a Tennessee corporation headquartered at 311 North Chancery Street, McMinnville, Tennessee 37110. Ben Lomand is a cooperative offering services pursuant to Tennessee Code Annotated § 65-29-128 and has been consistently providing quality service to its Tennessee customers since its inception in 1952. In 1993, Ben Lomand began a diversification effort by creating Ben Lomand Communications, which offers broadband services through its fiber optic network for high-definition television and high-speed internet. In so doing, Ben Lomand became Tennessee's first competitive local exchange carrier. Currently, Ben Lomand has over 42,000 access lines covering 3200 square miles of territory, with over 17,000 internet customers and 11,000 video customers. Ben Lomand's strong financial position is particularly notable, with a consolidated equity ratio (including subsidiaries) of 78%, which continues to be one of the highest in the industry. The Cooperative's equity ratio standing alone exceeds 86%.

Mayfield, Kentucky 42066. West Kentucky is a cooperative offering services in Tennessee pursuant to Tennessee Code Annotated § 65-29-128 and is a leading provider of

West Kentucky is a Kentucky corporation, headquartered at 237 North 8<sup>th</sup> Street,

communications, high-speed Internet and entertainment services in small-to-mid-size cities

through its broadband and fiber transport networks. West Kentucky's operations serve

approximately 18,000 subscribers in eighteen exchanges located in eight counties in northwest

Tennessee and west Kentucky.

9.

10. Synergy, a Tennessee corporation, is a newly formed subsidiary of West Kentucky and Ben Lomand. Under the Purchase Agreement, Synergy will acquire Ardmore as a direct, wholly-owned subsidiary, with Ardmore retaining its corporate identity.

11. For all the reasons stated herein, West Kentucky and Ben Lomand, through Synergy, have the requisite technical, financial, and managerial capabilities to ensure a seamless transition in the provision of telecommunications services.

12. Communications and correspondence for the proceeding herein should be sent to the following individuals:

### FOR ARDMORE AND ARDMORE COMMUNICATIONS:

R. Dale Grimes, Esq.
BASS, BERRY & SIMS PLC
315 Deaderick St., Suite 2700
Nashville, Tennessee 37238
Telephone: 615-742-6200
Dgrimes@bassberry.com

Terry Wales General Manager P.O. Box 549 Ardmore, Tennessee 38449 Telephone: 931-364-4355 twales@ardmore.net

#### FOR SYNERGY:

Melvin J. Malone
(mmalone@millermartin.com)
Clint Cromwell
(ccromwell@millermartin.com)
Miller & Martin PLLC
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150 Fourth Avenue, North
Nashville, TN 37219
Phone (615) 244-9270

#### III. STANDARD OF REVIEW

13. Tennessee Code Annotated §§ 65-4-112 and 65-4-113 grant the Authority the ability to approve mergers, consolidation of utility property or franchises as well as transfers of authority to provide utility services in Tennessee. In approving this Transaction, the Authority must consider whether West Kentucky and Ben Lomand, through Synergy as the transferee, are suitable and financially capable to oversee the utility services being transferred and whether Ardmore will continue to provide such service in an efficient manner to the benefit of the consuming public. Applicants respectfully submit that the transfer is in the public interest for the reasons set forth herein.

#### IV. THE TRANSACTION

14. In order to effectuate the Transaction, West Kentucky and Ben Lomand formed a new subsidiary, Synergy, which is wholly-owned between Ben Lomand and West Kentucky. Both Ben Lomand and West Kentucky will continue to provide high-quality telecommunications services post-transaction and will not be otherwise affected. Synergy will conduct a cash purchase of all outstanding stock of Ardmore. Prior to the Transaction, Ardmore's long-distance service affiliate will be merged into Ardmore so that the transfer of control from Ardmore to Synergy will include the long-distance service offered by Ardmore Communications. Ardmore

will continue to exist in its current form after the Transaction is completed as a wholly-owned subsidiary of Synergy.

- 14a. The merger of Ardmore Communications long-distance service with Ardmore is to be consummated immediately prior to, but in conjunction with, the Synergy acquisition, with Ardmore to remain as the surviving company. Customers will experience no disruption of service or apparent change in service as Ardmore Communications' long-distance service is already billed on Ardmore's customer bill, and because Ardmore Communications' customers already utilize the same business line and customer service line to communicate with both Ardmore and Ardmore Communications.
- 15. Immediately following the completion of the Transaction, West Kentucky and Ben Lomand, as shareholders of Synergy, would own 100% of the post-Transaction Ardmore.

### V. THE PROPOSED TRANSACTION WILL ENSURE THAT THE UTILITY SERVICES BEING TRANSFERRED ARE PROVIDED EFFICIENTLY

16. The proposed Transaction is in the public interest. The Transaction will provide benefits to consumers of the combined company without any countervailing harms. It also combines well-respected telecommunications companies with strong customer-centric histories in rural areas that will ensure its customers are provided high-quality communications services in an efficient and reliable manner. Since its inception in 1955, Ardmore has served the public interest by providing excellent services in the local service area along the Tennessee/Alabama border in which it operates. Today, there are more than 8,400 customers in four counties of Alabama and Tennessee. West Kentucky and Ben Lomand have equally rich histories in local telecommunications service. Like Ardmore, West Kentucky and Ben Lomand serve customers in predominantly rural service areas and smaller markets and their primary roles have been as a communications provider. Both West Kentucky and Ben Lomand have proven track records for

customer service and provisioning high-quality, advanced telecommunications services. Thus, the acquisition of Ardmore by their subsidiary, Synergy, will bring together companies whose businesses are built upon serving local customers in predominantly rural areas and smaller markets by creating a variety of products and services that more directly address the preferences of those customers.

- Similarly, the merger of Ardmore Communications with Ardmore will also serve 16a. the public interest without posing any countervailing harms. As Ardmore Communications' affiliate, and a reliable and customer-focused telecommunications provider in its own right, Ardmore has the suitability, the financial responsibility, and capability to perform efficiently the services currently provided by Ardmore Communications. Ardmore Communications' customers are already customers of Ardmore, which has over 50 years of experience servicing customers in that area. Ardmore Communications' customers, as well as all Ardmore customers, will continue to have the option to select any long-distance provider they choose post-merger. Further, as noted above, customers will experience no disruption in service because Ardmore Communications already utilizes Ardmore's billing services, and shares management personnel, office space, business phone lines, and customer service functions with Ardmore. Accordingly, customers will continue to receive the dependable and high-quality service from Ardmore that it currently receives form Ardmore Communications at the same rates and on the same terms and conditions.
- 17. The communications industry has been and is expected in the future to be the subject of rapid and fundamental changes in technology, customer preferences, and the competitive landscape. Rapid changes in technology and customer preferences require equally rapid responses and execution strategies by telecommunications carriers. To respond rapidly and

succeed most effectively in this competitive market environment, carriers must have a strategic focus on providing products and services that differentiate them in the market, and they need sufficient scale to execute upon their strategic focus. Even a carrier that knows its customers' preferences cannot compete effectively in today's marketplace without sufficient size and scope to match those preferences with suitable products or services at affordable rates. The Transaction will allow Ardmore to achieve greater economies of scale and scope than if it continues to operate independently. This, in turn, will enhance its ability to focus more strategically and rapidly respond to customer preferences in providing a full portfolio of quality, advanced communications services that will differentiate the company in the markets it serves.

- Additionally, with its distinctive expertise in serving smaller, rural areas, Ardmore will continue to deliver these services to areas that are often underserved by the larger communications companies. By affiliating with mid-sized local wireline providers such as Ben Lomand and West Kentucky, both of which have solid financial fundamentals, Ardmore is assured of having adequate access to capital and the collective knowledge of its local customers' preferences to deliver innovations in technology and product offerings to the rural and smaller markets. Customers will benefit from increased access to those offerings, and the post-Transaction Ardmore will benefit from retaining and attracting customers whose needs are satisfied by its offerings, service quality and customer care. Additionally, the public interest will be served by the Transaction because it will allow Ardmore access to the combined resources of Ben Lomand and West Kentucky, with the single focus of delivering a full portfolio of services that meet the targeted needs of the local customers in rural and smaller markets.
- 19. As structured, the Transaction and the resulting organizational structure is intended to create strengthened financial stability and stream-lined operations over a larger pool

of customers. Thus, the transaction offers the financial strength and flexibility to Ardmore, Ben Lomand, and West Kentucky to continue providing outstanding service and enhanced offerings to customers. These attributes help ensure that Ardmore will have the fiscal stability and access to capital necessary to continue to provide reliable services in the increasingly competitive telecommunications marketplace.

- 20. Consumers of communications services, including both residential and businesses, have more choices than ever before in the market for local and long distance calling services, high speed Internet and other data services, video services, and wireless services. Intermodal competition to provide these services is now widespread. The post-Transaction Ardmore will be a stronger, more independent wireline communications company that will continue to serve its Tennessee customers. The Transaction will enhance the competitive position of Ardmore to facilitate economically attractive deployment of growth products and services, including broadband and wireless data offers.
- 21. Ensuring the continuation of high quality service and customer experience preand post-acquisition is vitally important. Ardmore understands that continuing to meet customer needs is its top priority. Further, the Transaction will not change Ardmore's incentives for continuing to do so. Accordingly, immediately following consummation of the Transaction, Ardmore will offer the same full range of products and services that they offered immediately prior to the Transaction, at the same prices, and under the same terms and conditions.
- 22. Ardmore will continue to employ personnel experienced and dedicated to the provision of service in Tennessee. The functions that are critical to the company's success today will continue when the Transaction is complete. The local operations of Ardmore will continue to be managed by employees with extensive knowledge of the local telephone business and with

a commitment to the needs of the local community. Ardmore customers, however, are likely to enjoy the benefits of billing and servicing associated with advanced back office systems and customer services to be deployed by Ben Lomand and West Kentucky through Synergy.

23. Furthermore, upon completion of the Transaction, the Authority will retain the same regulatory authority over Ardmore, as the wholly-owned subsidiary of Synergy, that the Authority possesses just prior to consummation of the Transaction. Ardmore will continue to provide local exchange service, and to offer long distance service, subject to the same rules, regulations and applicable tariffs. Ardmore will remain subject to existing price regulation, service quality obligations, and tariffs, as modified pursuant to any future Authority or legislative decisions. Future end user rate changes will continue to be governed by the same rules and procedures as today, again, as modified by future Authority or legislative decisions. Likewise, the terms and prices for existing wholesale services under Ardmore's access tariffs will be unchanged immediately after closing of the Transaction. Moreover, this Transaction will have no impact on the terms of any existing interconnection agreements or Ardmore's obligations under state and federal laws regarding interconnection.

WHEREFORE, based on the foregoing, the Applicants respectfully request pursuant to Tennessee Code Annotated §§ 65-4-112 and 65-4-113, and any other applicable statutes, that the Authority: (1) approve the merger of Ardmore Communications LLC with Ardmore Telephone Company, Inc., as described herein; (2) approve the transfer of control of Ardmore Telephone Company, Inc. as described herein; (3) grant other such other relief as may be necessary, reasonable and consistent with the foregoing; and (4) grant any approval found to be necessary in an expedited manner.

Respectfully submitted,

R. Dale Grimes (B.P.R. # 6223)

Counsel for Ardmore Telephone Co., Inc.

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Melvin J. Malone (B.P.R. # 13874)

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(615) 244-9270

Email: mmalone@millermartin.com

### BEFORE THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE

In re:	)
Joint Application of Ardmore Telephone Company, Inc., Ardmore Communications, LLC and Synergy Technology Partners, Inc. Regarding Transfers of Control of Ardmore Telephone Company, Inc.	Docket No. 09-00103 ) ) )
	VERIFICATION
STATE OF TENNESSEE ) COUNTY OF ( )	

Terry Wales, being duly sworn, deposes and says:

- 1. I am the Chief Manager of Ardmore Communications, LLC and am authorized to make this Verification on behalf of Ardmore Communications, LLC.
- 2. I have read the contents of the foregoing Amended Joint Application of Ardmore Telephone Company, Inc., Ardmore Communications, LLC, and Synergy Technology Partners, Inc. Regarding Transfers of Control and hereby verify that the statements therein contained, insofar as they related to Ardmore Communications, LLC, are true and accurate to the best of my knowledge, information and belief.

Chief Manager, Ardmore Communications, LLC

Sworn to and subscribed before me this 11th day of September, 2009.

Notary Public My Commission Expires: Sept. 22,2012



## BEFORE THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE

In re:		
Joint Application of Ardmore Telephone Company, Inc., Ardmore Communications, LLC and Synergy Technology Partners, Inc. Regarding Transfers of Control of Ardmore Telephone Company, Inc.	et No. 09-00103	
<u>VERIFICATION</u>		
STATE OF TENNESSEE )		
COUNTY OF)		
Clyde Warren Nunn, being duly sworn, deposes and sa	ays:	
1. I am the President of Ardmore Telephone Co	ompany, Inc. and am authorized to	
make this Verification on behalf of Ardmore Telephone Company, Inc.		
2. I have read the contents of the foregoing Amended Joint Application of Ardmore		
Telephone Company, Inc., Ardmore Communications, LLC, and Synergy Technology Partners,		
Inc. Regarding Transfers of Control and hereby verify that	t the statements therein contained,	
insofar as they related to Ardmore Telephone Company, Inc.,	are true and accurate to the best of	
my knowledge, information and belief.	4	
Clyde Warren N President, Ardm	unn ore Telephone Company, Inc.	
Sworn to and subscribed before me this \( \frac{1}{2} \) day of September, 2009.  Notary Public  My Commission Expires: \( \frac{2}{2} - \frac{1}{2} - \frac{1}{2} \)	TATESLER III	

### BEFORE THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE

In re:	)
Joint Application of Ardmore Telephone Company, Inc., Ardmore Communications, LLC and Synergy Technology Partners, Inc. Regarding Transfers of Control of Ardmore Telephone Company, Inc.	) ) ) Docket No. 09-00103 )
$\underline{\mathbf{v}}$	<b>ERIFICATION</b>
COUNTY OF DIALLES	

Trevor R. Bonnstetter, being duly sworn, deposes and says:

- 1. I am the President of Synergy Technology Partners, Inc. and am authorized to make this Verification on behalf of Synergy Technology Partners, Inc.
- 2. I have read the contents of the foregoing Amended Joint Application of Ardmore Telephone Company, Inc., Ardmore Communications, LLC, and Synergy Technology Partners, Inc. Regarding Transfers of Control and hereby verify that the statements therein contained, insofar as they related to Synergy Technology Partners, Inc., are true and accurate to the best of my knowledge, information and belief.

Trevor R. Bonnstetter

President

Synergy Technology Partners, Inc.

Sworn to and subscribed before me this //day of September, 2009.

**Notary Public** 

My Commission Expires: