

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

January 25, 2011

IN RE:)	
)	
PETITION FOR APPROVAL OF A TRANSFER)	DOCKET NO.
OF CONTROL OF STI PREPAID, LLC TO)	10-00197
VIVARO CORPORATION)	

**ORDER APPROVING TRANSFER OF CONTROL
AND FINANCING TRANSACTIONS**

This matter came before Chairman Mary W. Freeman, Director Eddie Roberson and Director Kenneth C. Hill 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 13, 2010 for consideration of the *Application for Approval of Transfer of Control* ("Application") filed on October 14, 2010 by STi Prepaid, LLC ("STi") and Vivaro Corporation ("Vivaro") (and together with STi, the "Applicants").

STi is a private Delaware limited liability company that provides interstate and international telecommunications services throughout the United States. In Tennessee, STi is authorized to provide resold intrastate interexchange services pursuant to Authority Order in Docket No. 07-00191 issued on November 1, 2007.

Vivaro is a private Delaware corporation and is not a provider of any telecommunications services. Vivaro is a wholly-owned subsidiary of Progress International, LLC ("Progress"), a private Texas limited liability company. Progress is a wholesale provider of international telecommunications services, and Progress does not currently provide service in the State of Tennessee.

DESCRIPTION OF THE TRANSFER

On September 22, 2010, Vivaro entered into an Agreement and Plan of Merger with STi, whereby STi will merge into Vivaro Acquisitions LLC, a wholly-owned subsidiary of Vivaro, with STi becoming the surviving entity (the "Transaction"). As a result, Vivaro will acquire all the membership interests in STi and pay the current members of STi certain merger consideration in the form of cash.

The *Application* asserts that Vivaro has the technical, financial, and managerial resources to assure that STi will be in a position to continue prepaid telephone service to persons who purchase STi's calling cards in Tennessee and that the Transaction serves the public interest as the transaction will allow STi to maintain and improve upon its position as a competitor in the prepaid telecommunications market. The *Application* further asserts that the Transaction is in the public interest because consumers will receive telecommunications services after the Transaction without interruption and without changes in rates, terms, or conditions.

DESCRIPTION OF THE FINANCING ARRANGEMENTS

In connection with the above referenced Transaction, the *Application* asserts the merger consideration to be received by the current members of STi will be received in cash acquired by incurring indebtedness payable over a period of twenty-seven months. STi will participate in the financing arrangement by acting as a guarantor and by pledging its assets.

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:

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, which in pertinent part, states 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 the proposed financing transaction, Tenn. Code Ann. § 65-4-109 (2004) 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.

Based on the assertions in the *Application*, the panel found that Vivaro has the technical, financial, and managerial resources to assure that STi will be in a position to continue prepaid telephone service to persons who purchase STi's calling cards in Tennessee and that the proposed transaction serves the public interest because it will allow STi to maintain and improve its position as a competitor in the prepaid telecommunications market. Based on the record, the panel voted unanimously to approve the transfer described in the *Application* pursuant to Tenn. Code Ann. § 65-4-113, contingent on approval of the Federal Communications Commission ("FCC"). The Applicants were also directed to file with the Authority any documentation from the FCC regarding subsequent action on the transfer.

The panel also voted unanimously to approve the financing transaction pursuant to Tenn. Code Ann. § 65-4-109 based on the following findings:

1. This financing transaction is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109.

2. The transaction is being made in accordance with the laws enforceable by this agency.

3. The purpose of this transaction is in the public interest because it will enable STi to improve its competitive position in the prepaid telecommunications market.

IT IS THEREFORE ORDERED THAT:


1. The transfer of control as described in the *Application for Approval of Transfer of Control* and discussed herein is approved, contingent upon approval by the Federal Communications Commission. The Applicants shall file with the Tennessee Regulatory Authority any documentation from the Federal Communications Commission regarding subsequent action on the transfer.

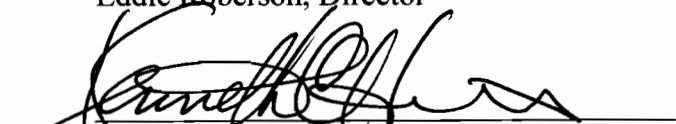
2. The financing arrangements as described in the *Application for Approval of Transfer of Control* and discussed herein are approved.

3. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party for the purpose of inferring an analysis or assessment of the risks involved.

4. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.


Mary W. Freeman, Chairman


Eddie Roberson, Director


Kenneth C. Hill, Director