

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

May 25, 2011

IN RE:

PETITION OF INTELEPEER, INC. TO  
ENTER INTO A FINANCING ARRANGEMENT

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DOCKET NO.  
11-00044

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ORDER APPROVING FINANCING ARRANGEMENT

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This matter came before Director Eddie Roberson, Director Kenneth C. Hill and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on May 9, 2011 for consideration of the *Petition* filed on March 29, 2011 by IntelPeer, Inc. ("IntelPeer" or "Petitioner") for approval to participate in a financing arrangement.

IntelPeer is organized under the laws of Delaware and provides telecommunications services using fully managed, hosted, on-demand peering infrastructure to directly exchange voice traffic over Internet Protocol or legacy networks between any application and any telephony device. In Tennessee, IntelPeer is authorized to provide facilities-based and resold exchange and interexchange services pursuant to Authority Order in Docket No. 09-00201 issued on September 3, 2010.

**THE PETITION**

IntelPeer and its subsidiaries propose to enter into a new company-wide financing arrangement in an amount of \$12 million. The promissory note is expected to be mature on the date that is forty months after the closing date of the loans.<sup>1</sup> The interest rate for the promissory note is expected to be competitive with market conditions. The promissory note is expected to be secured

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<sup>1</sup> Based on market conditions, the term of the financing arrangements may be set to mature on the date that is 364 days after the closing date, provided that upon receipt of the requisite regulatory approvals the maturity date for the financing arrangements will be extended to an expected term of forty months from the date of closing.

by a lien on substantially all of the assets of IntelPeer. IntelPeer represents that the proceeds from the promissory note will be used to purchase new equipment and facilities to provide telecommunications services in Tennessee and other states where it is authorized to provide service.

The *Petition* states that the proposed financing arrangement will not result in a change in IntelPeer's management or in its day-to-day operations, nor will it adversely affect Petitioner's operations in Tennessee. In a Data Response filed on April 18, 2011, IntelPeer states that its participation in the proposed financing arrangement will not result in a change in rates, terms and conditions of service. Additionally, the April 18, 2011 Data Response states that no transfer of certificate, authorization, assets or customers will occur as a result of IntelPeer's participation in the proposed financing arrangement.

#### **FINDINGS AND CONCLUSIONS**

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.

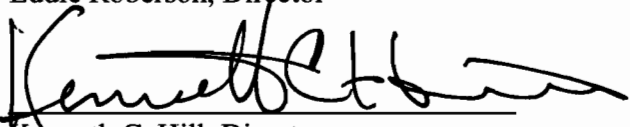
At a regularly scheduled Authority Conference held on May 9, 2011, the panel voted unanimously to approve the *Petition* and made the following findings:

1. The proposed financing arrangement is subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004).
2. The proposed financing arrangement is being made in accordance with laws enforceable by this agency.
3. The purpose of the transaction is in the public interest because it will promote competition among telecommunications carriers by providing IntelPeer with the opportunity to strengthen its financial position.

**IT IS THEREFORE ORDERED THAT:**

1. IntelPeer, Inc. is authorized to enter into the financing arrangements described in the *Petition*.
2. 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.
3. 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.

  
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Eddie Roberson, Director

  
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Kenneth C. Hill, Director

  
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Sara Kyle, Director