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Docket no. 11-00092

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Via Overnight Delivery & Electronic Mail

Chairman Mary W. Freeman
c/o Sharla Dillon, Dockets and Records Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505
Sharla.Dillon@tn.gov

**Re: Petition of Primus Telecommunications, Inc. for Approval to Participate in
a Financing Arrangement**

Dear Chairman Freeman:

On behalf of Primus Telecommunications, Inc. ("Petitioner"), enclosed for filing with the TRA are an original and four (4) copies of the above-referenced Petition. Also enclosed is a check in the amount of \$25.00 to cover the filing fee. A copy of this filing in Portable Document Format (PDF) is also being submitted via electronic mail.

Please date-stamp the enclosed extra copy of this filing and return it in the envelope provided. Should you have any questions, please do not hesitate to contact Danielle Burt at (202) 373-6039.

Respectfully submitted,



Catherine Wang
Danielle Burt

Counsel for Petitioner

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**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

In the Matter of the Petition of)
)
Primus Telecommunications, Inc.)
)
for Approval to Participate in a)
Financing Arrangement)
_____)

Docket No. _____

PETITION

Primus Telecommunications, Inc. ("PTI or "Petitioner"), by its undersigned counsel and pursuant to Section 65-4-109 of the Tennessee Code and other regulations deemed applicable, requests approval, to the extent that such is necessary, from the Tennessee Regulatory Authority ("TRA") to participate in a financing arrangement in an aggregate principal amount up to \$244 million. The financing arrangement described in this Petition is materially similar to a financing arrangement recently proposed by Petitioner and approved by the TRA in Docket No. 11-00026 (effective March 28, 2011). In that proceeding, the TRA authorized Petitioner to act as a guarantor and to pledge its assets in support of a proposed new issuance by its corporate parent Primus Telecommunications Holding, Inc. ("PTHI") of up to \$240 million of secured notes with a maturity date of approximately eight (8) years. For various business and market reasons, the previously described arrangement was not consummated, and Petitioner herein seeks authority to complete a modified financing arrangement. Specifically, Petitioner seeks authority to act as guarantor and to pledge its assets in support of an issuance of up to \$244 million in senior secured notes ("Exchange Notes") by PTHI with a maturity date of approximately six (6) years. Other than the increased total amount of the offering and the expected maturity date of the Exchange Notes, the terms of the proposed new financing arrangement are consistent with the

description of the earlier arrangement submitted by PTI in its Petition approved in Docket No. 11-00026. Petitioner respectfully requests that the TRA approve this Petition expeditiously in order to grant the authority requested herein prior to, but no later than, July 1, 2011.

In support PTI states:

I. PETITIONER

PTI is a corporation organized pursuant to the laws of the State of Delaware. PTI maintains its principal offices at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102. PTI is authorized to provide telecommunications services in 49 states and the District of Columbia pursuant to certification, registration or tariff requirements, or on a deregulated basis. PTI is also authorized by the Federal Communications Commission ("FCC") to provide interstate and international services as a non-dominant carrier.

In Tennessee, PTI is authorized to provide interexchange telecommunications services pursuant to Case No. 95-03981, issued on February 20, 1996. Information regarding PTI's legal, technical, managerial and financial qualifications have previously been submitted to the TRA and is therefore a matter of public record, and the Petitioner requests that it be incorporated herein by reference.¹

¹ PTI notified the TRA in early 2010 that it completed the *pro forma* intracorporate merger with its affiliate, Least Cost Routing, Inc., as approved by the TRA. As a result of the merger, Least Cost Routing, Inc., which previously held a certificate of public convenience and necessity from the TRA, no longer exists.

II. DESIGNATED CONTACTS

Inquiries or copies of any correspondence, orders, or other materials pertaining to this Petition should be directed to:

Catherine Wang
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Washington, DC 20006
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Email: catherine.wang@bingham.com
Email: danielle.burt@bingham.com

With copies to:

Christie A. Hill
General Counsel and Secretary
Primus Telecommunications Group, Incorporated
7901 Jones Branch Drive, Suite 900
McLean, Virginia 22102
Tel: (703) 902-2800

III. DESCRIPTION OF TRANSACTION

Petitioner requests TRA approval to participate in a financing arrangement whereby Petitioner will act as guarantor for Exchange Notes to be issued by PTHI in an aggregate principal amount up to \$244 million. In addition, the debt will be secured by liens on Petitioner's assets. The Exchange Notes will be offered in exchange for outstanding existing PTHI notes for which Petitioner acts as a guarantor and has pledged its assets as security. The Exchange Notes will have a term of approximately 6 years. The funds from the Exchange Notes will be used to replace and/or retire existing debt arrangements and for other general corporate purposes. For various important business and financial reasons, PTHI and Petitioner plan to complete the exchange as quickly as possible and therefore TRA approval is requested, to the extent required, by no later than July 1, 2011.

IV. PUBLIC INTEREST CONSIDERATIONS

The proposed financing arrangement described herein is consistent with the public interest and will not impair the ability of Petitioner to perform services to the public. Petitioner's participation in the financing arrangement will not result in a change in management or in its

day-to-day business; nor will it adversely affect Petitioner's operations in Tennessee. The financing arrangement will be entirely transparent to consumers and will not alter the rates, terms and conditions under which Petitioner provides service in Tennessee. Further, the financing arrangement will not cause a change in the control of Petitioner.

The financing arrangement will enable PTHI and Petitioner to lower the interest rate and extend the maturity date of the companies' indebtedness and will provide Petitioner with greater operational and financial flexibility. As a result, the financing transaction will strengthen Petitioner's ability to provide competitive services and allow more consumers to benefit from such competitive services more quickly and efficiently.

Approval of Petitioner's participation in the proposed financing arrangement will serve the public interest in promoting competition among telecommunications carriers by providing Petitioner with the opportunity to strengthen its financial position. Petitioner believes that the financial arrangement described herein provides important financial benefits to the company by reducing expenses from existing indebtedness that was previously secured by Petitioner. As a result, the proposed transaction is expected to yield financial benefits that ultimately inure to the benefit of Petitioner's customers, including Tennessee consumers. In sum, greater access to capital on favorable terms strengthens Petitioner's ability to bring competitive telecommunications services to consumers in the State of Tennessee and is, therefore, in the public interest.

V. CONCLUSION

For the reasons stated above, Petitioner submits that the public interest, convenience and necessity will be furthered by expeditious TRA approval of its participation in the financing arrangement described herein.

Respectfully submitted,

A handwritten signature in cursive script, reading "Danielle Burt", is written over a horizontal line.

Catherine Wang

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Dated: May 27, 2011

VERIFICATION

VERIFICATION

COMMONWEALTH OF VIRGINIA

§

COUNTY OF FAIRFAX

§

§

I, Christie A. Hill, state that I am General Counsel and Secretary of Primus Telecommunications Group, Incorporated, the parent of Primus Telecommunications, Inc.; that I am authorized to make this Verification on behalf of Primus Telecommunications Group, Incorporated and its subsidiaries; that the foregoing filing was prepared under my direction and supervision; and that the statements in the foregoing document are true and correct to the best of my knowledge, information, and belief.

Christie A. Hill

Name: Christie A. Hill

Title: General Counsel and Secretary

Primus Telecommunications Group, Incorporated

SWORN TO AND SUBSCRIBED before me on the 26 day of May, 2011.

Jamie Barkov

Notary Public

My commission expires: 2/28/2014

