

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

November 17, 2011

IN RE:)	
)	
JOINT APPLICATION OF UNITED TELEPHONE)	DOCKET NO.
COMPANY, UTC LONG DISTANCE, LLC AND)	11-00098
UNITED COMMUNICATIONS HOLDINGS, LLC)	
REGARDING TRANSFER OF CONTROL OF)	
UNITED TELEPHONE COMPANY AND UTC)	
LONG DISTANCE, LLC)	

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Director Kenneth C. Hill, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on August 22, 2011 for consideration of the *Joint Application of United Telephone Company and UTC Long Distance, LLC and United Communications Holdings, LLC Regarding Transfers of Control* filed on June 8, 2011.

United Telephone Company ("United Tel") is a Tennessee corporation and a public utility that offers communications services to residential consumers and businesses, including local telephone service and internet services. United Tel has Incumbent Local Exchange Carrier ("ILEC") operations in eight counties, with over 12,500 access lines. UTC Long Distance, LLC ("UTC") is a Tennessee limited liability company that provides long-distance service to United Tel's customers who select UTC as their long-distance provider.

United Communications Holdings, LLC ("Buyer") is a Delaware limited liability company newly formed for the purposes of consummating the transaction. Buyer was formed by MSouth

Equity Partners, LP ("MSouth"), William H. Bradford, and Eugene B. Johnson for purposes of consummating the transaction.

The Joint Application

United Tel, Buyer, and certain related parties entered into an Agreement and Plan of Merger ("United Tel Purchase Agreement") on April 28, 2011. To effectuate the acquisition of United Tel, a newly created subsidiary of Buyer will merge into United Tel with United Tel surviving such merger. Immediately thereafter, United Tel will continue to exist in its current form as a wholly-owned subsidiary of Buyer. Similarly, UTC, Buyer, and certain related parties entered into an Agreement and Plan of Merger ("UTC Purchase Agreement") as of June 6, 2011. To effectuate the acquisition of UTC, a newly created subsidiary of Buyer will merge into UTC with UTC surviving such merger. Immediately thereafter, UTC will continue to exist in its current form as a wholly-owned subsidiary of Buyer. Immediately following the completion of the transaction, Buyer will own 100% of both the post-transaction United Tel and UTC (together "United"), and customers will experience no disruption of service or apparent change in service as a result of the transaction.

The *Joint Application* claims the acquisition of United Tel and UTC by Buyer will serve the public interest. As a result of the acquisition, \$2.3 million in existing indebtedness will be prepaid prior to closing, thus increasing the financial strength and flexibility of United Tel and UTC. The *Joint Application* asserts that the transaction and the resulting organizational structure will strengthen United's financial position, which will benefit United's customers. After the transaction is completed, United Tel's customers, as well as all of UTC's customers, will continue to have the option to select any long-distance provider they choose. Further, UTC's customers will experience no disruption in service as a result of the transaction. After the Transaction, United's customers will continue to receive the same service from United that they currently receive, at the same rates and on the same terms and conditions. The *Joint Application*

asserts that the proposed transaction serves the public interest, as it will help ensure that United will be able to implement its plans to improve the telecommunications services it offers its customers.

Findings and Conclusions

Tenn. Code Ann. § 65-4-113 (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) (2004) reads as follows:

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, in pertinent part, as follows:

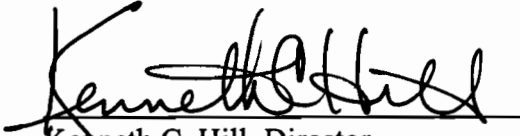
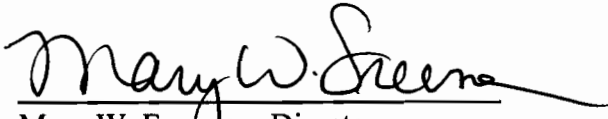
Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility 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.

At the regularly scheduled Authority Conference held on August 22, 2011, the voting panel assigned to this docket considered the transfer of authority requested in the *Joint Application*. Based on assertions in the *Joint Application*, the panel found that Tenn. Code Ann. § 65-4-113 (2004) applies to this transaction because the ultimate ownership of United Tel and UTC is transferred to Buyer. Further, the panel found that Buyer is capable of maintaining the operations of United Tel and UTC and the transfer is in the public interest and complies with applicable law. The panel found Buyer has an experienced management team and intends to continue employing United's current workforce, retaining its knowledge of local operations and markets.

Based on the administrative record and findings, the panel voted unanimously to approve the transfer and noted that the Federal Communications Commission ("FCC") approved the transfer of United Tel and UTC on August 1, 2011.

IT IS THEREFORE ORDERED THAT:

The transfer of authority as described in the *Joint Application of United Telephone Company and UTC Long Distance, LLC and United Communications Holdings, LLC Regarding Transfers of Control* and discussed herein is approved pursuant to Tenn. Code Ann. §65-4-113 (2004).


Kenneth C. Hill, Director
Sara Kyle, Director
Mary W. Freeman, Director