

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

December 4, 2012

IN RE:

**JOINT APPLICATION OF MILLINGTON TELEPHONE
COMPANY, INC., MTEL LONG DISTANCE, INC., AND E.
RITTER COMMUNICATIONS HOLDINGS, INC.
REGARDING TRANSFER OF CONTROL OF
MILLINGTON TELEPHONE COMPANY, INC. AND MTEL
LONG DISTANCE, INC.**

**DOCKET NO.
12-00117**

ORDER APPROVING TRANSFER OF CONTROL

This matter came before Director Kenneth C. Hill, Director Sara Kyle and Director David F. Jones of the Tennessee Regulatory Authority (“TRA” or “Authority”), the voting panel assigned to this docket, at a hearing held on November 8, 2012, to consider the *Joint Application of Millington Telephone Company, Inc., MTel Long Distance, Inc., and E. Ritter Communications Holdings, Inc. Regarding Transfer of Control of Millington Telephone Company, Inc. and MTel Long Distance, Inc.* (“*Joint Petition*”) filed by Millington Telephone Company, Inc. (“Millington”) and MTel Long Distance, Inc. (“MTel”), a wholly-owned subsidiary of Millington Telephone, and E. Ritter Communications Holdings, Inc. (“E. Ritter” or “Buyer”) on October 1, 2012.

Millington is an incumbent local exchange carrier serving over 18,000 access lines in areas of Tipton, Shelby, Haywood and Fayette counties. MTel provides long distance service to Millington customers who select MTel as their long distance provider. E. Ritter, the Buyer, is a subsidiary of E. Ritter & Company and owns and operates two rural local exchange carriers in Arkansas. Additionally, Buyer also owns and operates a facilities-based competitive local exchange carrier and cable television operations.

The Joint Petition

E. Ritter will acquire Millington and MTel per a stock purchase agreement where Buyer will purchase 100% of the issued and outstanding shares of Millington. Buyer will become the parent company of Millington and MTel as a result of the transaction. Buyer will borrow funds from CoBank to finance a portion of the purchase price of Millington and MTel. As part of the transfer, Buyer will repay a majority of Millington's \$14.1 million USDA debt. After completion of the transfer, Millington will only have approximately \$1 million in USDA debt which is related to a \$3.8 million USDA Rural Utilities Service stimulus grant and loan package for broadband deployment.

The *Joint Petition* states the proposed transfer of control transaction will have no adverse impact on customers or on public interest considerations. The parties stated that Buyer will continue to employ Millington's current workforce and use Millington's current management team augmented by its own managerial resources. Upon completion of the transfer, customers will continue to receive the same services at the same rates, terms and conditions, as immediately prior to the transfer.

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.

Additionally, 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 the regularly scheduled Authority Conference held on November 8, 2012, the voting panel assigned to this docket considered the approval of the purchase and transfer of authority, as requested in the *Joint Petition*. Based on assertions in the *Joint Petition*, the panel found that Tenn. Code Ann. § 65-4-113 (2004) applies to this transaction because it results in the transfer of control of a certificated public utility to a company at the holding company level which does not hold a certificate. Further, the panel found that Buyer is qualified to operate the certificated entity. The panel also found the financing transactions are subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004). The transactions are being made in accordance with the laws enforceable by this agency, and the transactions are in the public interest. Based on its findings, the Directors voted unanimously to approve the *Joint Application*, contingent upon subsequent approval by the Federal Communication Commission.

IT IS THEREFORE ORDERED THAT:

1. The transfer of authority as described in the *Joint Application of Millington Telephone Company, Inc., MTel Long Distance, Inc., and E. Ritter Communications Holdings, Inc. Regarding Transfer of Control of Millington Telephone Company, Inc. and MTel Long Distance, Inc.* and discussed herein is approved pursuant to Tenn. Code Ann. § 65-4-113 (2004), contingent on approval by the Federal Communications Commission.

2. Millington Telephone Company, Inc., MTel Long Distance, Inc. and E.Ritter Communications Holdings, Inc. are authorized to enter into the financing arrangements described in the *Joint Application of Millington Telephone Company, Inc., MTel Long Distance, Inc., and E. Ritter Communications Holdings, Inc. Regarding Transfer of Control of Millington Telephone Company, Inc. and MTel Long Distance, Inc.*

3. The purpose of the transactions is in the public interest.

4. The authorization and approval given herein 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.

5. 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.

Director Kenneth C. Hill, Director Sara Kyle and Director David F. Jones concur.

ATTEST:



Earl R. Taylor, Executive Director