

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

May 23, 2013

IN RE:

**JOINT PETITION OF ACCESSLINE
COMMUNICATIONS CORP., TELANETIX, INC. AND
INTERMEDIA HOLDINGS, INC. FOR APPROVAL OF
THE INDIRECT TRANSFER OF CONTROL OF
ACCESSLINE COMMUNICATIONS CORP. FROM
TELANETIX, INC. TO INTERMEDIA HOLDINGS,
INC. AND FOR APPROVAL TO PARTICIPATE IN
CERTAIN FINANCING ARRANGEMENTS AND FOR
APPROVAL *NUNC PRO TUNC* OF THE INDIRECT
TRANSFER OF CONTROL OF ACCESSLINE
COMMUNICATIONS CORP. AND ITS
PARTICIPATION IN CERTAIN FINANCING
ARRANGEMENTS**

**DOCKET NO.
13-00028**

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

This matter came before Chairman James M. Allison, Vice-Chairman Herbert H. Hilliard 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 April 8, 2013 for consideration of the *Joint Petition* filed on February 5, 2013 by AccessLine Communications Corporation (“AccessLine”), Telanetix, Inc. (“Telanetix”), and Intermedia Holdings, Inc. (“Intermedia”) (collectively, the “Petitioners”).

AccessLine is authorized to provide resell interexchange telecommunications services in Tennessee.¹ Telanetix is the parent company of AccessLine. Intermedia is a holding company

¹ *In re: Application of AccessLine Communications Corporation for Authority to Resell Interexchange Long Distance Services in Tennessee*, Docket No. 05-00232, *Order Granting Authority to Resell Interexchange Long Distance Telecommunication Services in Tennessee* (January 4, 2006).

that provides Internet services to small and mid-sized businesses through its operating subsidiaries. Telenetix and Intermedia do not hold authorizations to provide telecommunications services in Tennessee.

THE JOINT PETITION

The Petitioners seek Authority approval to transfer control of AccessLine to Intermedia and to allow AccessLine to participate in the existing financing arrangements of Intermedia. The Petitioners also request *nunc pro tunc* approval of the transfer of control of AccessLine and participation in financing arrangements that were a result of a change in the majority shareholder that occurred in 2010.

According to the *Joint Petition*, Telanetix and Intermedia entered into an Agreement and Plan of Merger (the “Agreement”) dated January 18, 2013, whereby Intermedia will acquire control of Telanetix and indirectly AccessLine. As a result of the transaction, AccessLine will become a wholly-owned indirect subsidiary of Intermedia. Upon completion of the transaction, AccessLine will continue to provide the same services without any change to service offering, rates, or terms and conditions. The Petitioners assert that the proposed transaction will serve the public interest by increasing competition for telecommunications services in Tennessee.

Additionally, in June 2010, Telenetix entered into a securities purchase agreement with EREF-TELA, LLC and HCP-TELA, LLC (“HCTP”) (together, “Purchasers”) that resulted in HCTP acquiring direct control of Telanetix and indirect control of AccessLine. As part of the securities agreement, Telanetix issued \$10.5 million in senior notes secured by all of the assets of Telanetix and AccessLine. Petitioners request *nunc pro tunc* approval of the transfer of control of AccessLine and participation in financing arrangements.

FINDINGS AND CONCLUSIONS

The Authority finds that Tenn. Code Ann. § 65-4-113 (2004) applies to this transaction because it results in the transfer of authority of a certificated carrier to a company that is not Tennessee certificated. Regarding the transfer of authority, Tenn. Code Ann. § 65-4-113 (b) (2004) states:

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.

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 record, the panel voted unanimously to approve the transfer of control described in the *Joint Petition* pursuant to Tenn. Code Ann. § 65-4-113, contingent on approval by the Federal Communications Commission (“FCC”). The Petitioners 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 entered into by Intermedia to partially fund the acquisition of Telanetix and AccessLine that will occur simultaneous with the transfer of control of AccessLine. The panel based its decision 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 strengthen the Petitioners ability to compete in the market for telecommunications services in Tennessee.

Additionally, the panel voted unanimously to approve, *nunc pro tunc*, the June 2010 transfer of control of AccessLine and financing transaction related to a securities purchase agreement between Telanetix and EREF-TELA, LLC and HCP-TELA, LLC pursuant to Tenn. Code Ann. Sections 65-4-113 and 65-4-109, respectively. The approval of the transfer of control is contingent on approval by the FCC, and the Petitioners should also file with the Authority any documentation from the FCC regarding subsequent action on the transfer. The panel based its *nunc pro tunc* approval of the June 2010 financing on the same findings enumerated herein above for the financing transaction.

IT IS THEREFORE ORDERED THAT:

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

2. Pursuant to Tenn. Code Ann. § 65-4-109, Accessline is authorized to participate in the financing transaction, as described in the *Joint Petition*.

3. Pursuant to Tenn. Code Ann. §§ 65-4-113 and 65-4-109, the transfer and financing transactions related to the June 2010 transfer of AccessLine are approved *nunc pro tunc*, contingent upon approval of the transfer by the Federal Communications Commission. The

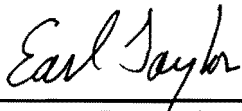
Petitioners shall file with the Tennessee Regulatory Authority any documentation from the Federal Communications Commission regarding subsequent action on the transfer.

4. 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.

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.

Chairman James M. Allison, Vice-Chairman Herbert H. Hilliard and Director Kenneth C. Hill concur.

ATTEST:

A handwritten signature in cursive script, reading "Earl Taylor", positioned above a horizontal line.

Earl R. Taylor, Executive Director