

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**November 24, 1999**

**IN RE:**

**PETITION OF BEN LOMAND COMMUNICATIONS, INC.  
FOR APPROVAL OF A LOAN IN THE AMOUNT OF  
\$4,000,000 FROM COBANK, ABC FOR CAPITAL ADDITIONS  
TO FURNISH EXCHANGE TELECOMMUNICATIONS  
SERVICES, PRIMARILY TELEPHONE, IN THE CITIES OF  
SPARTA, TENNESSEE, AND MCMINNVILLE, TENNESSEE,  
AND TO ISSUE AND SELL UP TO \$1,000,000 IN COMMON  
STOCK OF BEN LOMAND COMMUNICATIONS, INC.**

**DOCKET NO.  
99-00496**

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**ORDER APPROVING ISSUANCE OF DEBT AND COMMON STOCK**

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This matter came before the Tennessee Regulatory Authority ("Authority") upon the petition of Ben Lomand Communications, Inc. ("BLC") filed on July 12, 1999. By this petition, BLC seeks approval of a loan from CoBank, ABC ("CoBank") in the amount of \$4,000,000, and authority to issue and sell up to \$1,000,000 in common stock pursuant to Tenn. Code Ann. § 65-4-109.

The Authority considered this matter at its regularly scheduled Authority Conference held on July 27, 1999. After consideration of the entire record, the applicable laws and statutes, and particularly the requirements of Tenn. Code Ann. § 65-4-109, the Authority concludes that the BLC's petition should be granted. In support of this decision, the Authority makes the following findings of fact and conclusions of law:

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1. BLC is a corporation organized and existing under the laws of the State of Tennessee, with its principal office at 1111 Smithville Highway, McMinnville, Tennessee. BLC has been issued a Certificate of Public Convenience and Necessity to provide a full array of telecommunications services as set out in its application in Docket No. 98-00600.<sup>1</sup> BLC is a public utility as defined in Tenn. Code Ann. § 65-4-101 and according to the Petition, is in the process of completing the engineering and design for a facilities-based telecommunications operation in the cities of McMinnville, Tennessee, and Sparta, Tennessee. As a public utility, providing intrastate service, and in some instances interstate service, BLC is subject to regulation and oversight/supervision by the Authority as set forth in Tenn. Code Ann. § 65-4-101, *et seq.*

2. Tenn. Code Ann. § 65-4-109 requires prior approval from the Authority of financing arrangements entered into by public utilities as defined under Tenn. Code Ann. § 65-4-101. Tenn. Code Ann. § 65-4-109 sets forth the following requirements:

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.

Under this Section the Authority is required to determine that the use or purpose of BLC's proposed transactions is proper and that the arrangements are made in accordance with applicable laws.

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<sup>1</sup> The Authority granted BLC a Certificate of Public Convenience and Necessity in Docket No. 98-00600 at its February 16, 1999 Authority Conference. The Order reflecting that action by the Authority in that docket was entered on April 28, 1999.

3. According to the Petition, BLC plans to use the proceeds from the loans and stock issuance primarily to construct a technologically advanced network for use by consumers in the cities of McMinnville, Tennessee and Sparta, Tennessee. This network will feature approximately one hundred thirty six (136) miles of copper cable, twenty-five (25) miles of fiber optic cable, and seventeen (17) remote switches. Based upon the foregoing, the Authority finds that the proposed uses of the funds are proper pursuant to Tenn. Code Ann. § 65-4-109.

4. The Petition represents that the CoBank loans and the issuance of BLC stock had not been executed as of the date of the Petition and that the terms and provisions of the proposed loans comply with all applicable laws. Based on the record in this matter, the Authority finds that the proposed loans and stock issuances are in compliance with the requirements of the Tenn. Code Ann. § 65-4-109.

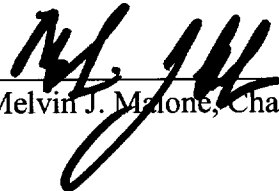
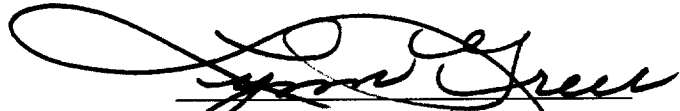
**IT IS THEREFORE ORDERED THAT:**

1. Ben Lomand Communications, Inc. is hereby authorized to borrow the sum of \$4,000,000 from CoBank, ABC and issue and sell up to \$1,000,000 in common stock according to the purposes as set forth in the Petition and exhibits thereto and to execute such loan agreements, notes and other instruments as may be required by the lenders, all pursuant to Tenn. Code Ann. § 65-4-109.


2. The authorization and approval given by the Tennessee Regulatory Authority should not be used by any party, including, but not limited to, any lending party, for the purpose of inferring an assessment of the risk involved to a purchaser of any Ben Lomand Communications, Inc. securities. Nothing contained herein creates or is intended to create any

liability on the part of the Tennessee Regulatory Authority or the State of Tennessee, or any political subdivision thereof, for the transaction approved herein.

3. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.

  
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Melvin J. Malone, Chairman  
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H. Lynn Greer, Jr., Director  
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Sara Kyle, Director

ATTEST:

  
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K. David Waddell, Executive Secretary