

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

JUNE 29, 2000

IN RE:

APPLICATION OF ADELPHIA BUSINESS SOLUTIONS
OPERATIONS, INC. AND HYPERION COMMUNICATIONS
OF TENNESSEE, L.P. FOR AUTHORITY TO MERGE AND
TRANSFER LICENSES AS PART OF A PRO FORMA
CORPORATE RESTRUCTURING

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DOCKET NO.
00-00271

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority (the "Authority") on the Application of Adelpia Business Solutions Operations, Inc. ("Adelpia Operations") and Hyperion Communications of Tennessee, L.P. ("Hyperion of Tennessee"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services. This transfer will be part of a corporate restructuring in which the Certificate of Public Convenience and Necessity ("CCN") currently held by Hyperion to provide telecommunications services in Tennessee will be transferred to Adelpia Operations.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113 provides as follows:

- (a) 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 also provides the standards by which the Authority shall consider an application for transfer of authority, as follows:

(b) 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 Application

As the Application states, Hyperion of Tennessee is a Delaware limited partnership, with its principal offices in Bridgeville, Pennsylvania. Hyperion of Tennessee was granted a CCN in Docket No. 98-00732 on December 6, 1999 to provide facilities-based and resold exchange and resold interexchange telecommunications services in Tennessee. Hyperion of Tennessee is a wholly-owned subsidiary of Adelpia Business Solutions, Inc. (“ABSI”), a Delaware corporation. ABSI has another subsidiary in Tennessee, Adelpia of Nashville, which received a certificate of public convenience and necessity on August 12, 1995 in TPSC Docket No. 94-00661 to provide local exchange and interexchange telecommunications services in Tennessee.

Adelpia Operations is a Delaware corporation with principal offices in Bridgeville, Pennsylvania. Adelpia Operations is also a wholly-owned subsidiary of ABSI.

As stated in the Application, the parties’ proposed plan of restructuring will take place as follows: Hyperion of Tennessee will merge into Adelpia Operations. For the time being, however, Adelpia of Nashville will remain separate as a subsidiary of ABSI. Upon completion of the proposed restructuring, Adelpia Operations will assume the certificates and operations of Hyperion of Tennessee. Hyperion of Tennessee and several of its affiliates will cease to exist as corporate entities and Adelpia Operations will hold the certificates previously held by the Adelpia affiliates. ABSI will remain the ultimate corporate parent of the remaining Adelpia subsidiaries.

The Application states that all of Hyperion of Tennessee’s customers will be served by the same team of qualified customer representatives and will be provided service pursuant to contracts and tariffs that offer all of the services currently offered by Hyperion of Tennessee and with the same

rates, terms, and conditions. Adelphia Operations will file revised tariffs to reflect that Adelphia Business Solutions Operations, Inc. is the operating entity as a result of the proposed restructuring. There will be no change in the ultimate ownership or control of Adelphia Operations or in the management or day-to-day operations in Tennessee. Service will continue to be provided using the same network, billing systems, and customer service operations as are used by Hyperion of Tennessee.

As stated in the Application, the proposed restructuring and subsequent transfer of authority from Hyperion of Tennessee to Adelphia Operations will benefit customers because the restructuring will promote operational and administrative efficiencies for the Adelphia companies. It will enable ABSI to reduce its administrative and operating expenses and realize operational and management efficiencies and other corporate benefits. These efficiencies will enable Adelphia Operations to compete more effectively in the telecommunications market to the ultimate benefit of consumers in Tennessee. Thus, according to the Application, the approval of the transfer of authority will serve the public interest.

Findings

The Directors of the Authority considered this matter at a regularly scheduled Authority Conference held on April 25, 2000. Based upon careful consideration of the Application and the Exhibits thereto, and of the entire record of this matter, the Authority finds and concludes as follows:

1. That the Authority has jurisdiction over the subject matter of this Application pursuant to Tenn. Code Ann. § 65-4-113;
2. That Hyperion of Tennessee is a subsidiary of ABSI;
3. That Adelphia Operations is a subsidiary of ABSI;
4. That Hyperion of Tennessee has been granted authority to provide telecommunications service in Tennessee;

5. That as part of a restructuring plan proposed by Hyperion of Tennessee and Adelphia Operations, the authority granted Hyperion of Tennessee will be transferred to Adelphia Operations;

6. That Adelphia Operations has the suitability, financial responsibility, and capability to perform efficiently the utility service to be transferred to it; and

7. That the transfer of authority will benefit the consuming public.

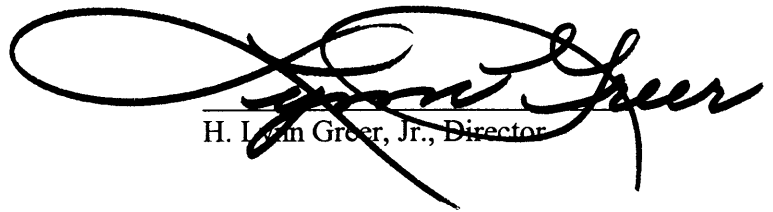
IT IS THEREFORE ORDERED THAT:

1. The Application of Hyperion Communications of Tennessee, L.P. and Adelphia Business Solutions Operations, Inc. for approval of the transfer of authority described herein is approved; and

2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.



Melvin J. Malone, Chairman



H. Lynn Greer, Jr., Director



Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary