



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE VERIFIED)
PETITION OF RNK, INC. D/B/A RNK) TELECOMMUNICATIONS
TELECOM FOR APPROVAL OF A)
FINANCING TRANSACTION) ORDER
) DOCKET NO. TF07040251

(SERVICE LIST ATTACHED)

BY THE BOARD:

On April 6, 2007, RNK, Inc. d/b/a/ RNK Telecom, a Massachusetts corporation, ("RNK" or "Petitioner"), submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9 requesting approval to mortgage certain of its properties and assets and issue notes in connection with certain financing arrangements described more fully below.

RNK Communications ("RNK"), a Massachusetts corporation with its principal place of business in Dedham, is a privately held corporation established as a facilities-based carrier in 1997. RNK offers a range of customized services to its customers, which include broadband providers, carriers, and retail distributors. RNK is registered as a foreign corporation with the New Jersey Department of Revenue, and is certified by the Board to provide local and interexchange services in New Jersey¹.

Petitioner requests Board approval to mortgage certain of Petitioner's properties and assets and to issue notes in connection with the proposed refinancing, whereby Petitioner would incur new debt obligations, transfer existing debt obligations, and enter into credit facilities totaling \$7,600,000, with further approval of a security interest in Petitioner's assets as collateral for such debt obligation. Specifically, the proposed refinancing would be governed by a Credit Agreement and a Security Agreement ("Agreements") with Sovereign Bank (the "Bank").

Petitioner proposes entering into a Credit Agreement with the Bank for four separate credit facilities, as described below and in a signed commitment letter, outlining nearly all material terms of the proposed transactions, executed by RNK on February 12, 2007, which would involve granting security interests and issuing notes.

The first proposed facility is a Senior Secured Revolving Credit Facility ("Revolver") to support Petitioner's working capital needs. Petitioner will be able to obtain advances of up to 80% of its receivables which are less than 90 days, offset by any payables it may receive on those receivables. At Petitioner's option, it may elect the Bank's Prime rate or a 30-day, 60-day or 90-day LIBOR (London Interbank Offered Rate), in either case plus an applicable margin. The Revolver will mature one year following the closing date, renewable on an annual basis thereafter. Petitioner states that this facility will provide it with ready access to working capital in anticipation of receipt of payment, thus ensuring Petitioner's access to a stable source of working capital and insulating it, to a degree, from potential fluctuations in cash flow that would result from late or slow payment from its large volume customers.

The second proposed facility is a Senior Secured Equipment Line of Credit ("Equipment Line") and will permit Petitioner to purchase new capital equipment in order to expand its operations, offer new services, and increase its network capacity. Like the Revolver, interest on the Equipment Line will be at the Bank's Prime rate or a 30-day, 60-day or 90-day LIBOR rate, in either case plus an applicable margin. The Equipment Line will mature one year following closing and renew annually. Petitioner states that this facility will allow Petitioner the flexibility to purchase new capital equipment as needed, without having to finance each purchase individually, or use cash from day-to-day operations for such purchases.

The third proposed facility is a Senior Secured Term Loan ("First Term Loan"). The First Term Loan will enable Petitioner to finance capital equipment previously purchased by Petitioner with cash. The First Term Loan will be repayable over a term of four years from the date of closing. As with the other facilities, interest on the First Term Loan will be at either the Bank's Prime rate or a 30-day, 60-day or 90-day LIBOR rate, in either case plus an applicable margin. Petitioner states that the First Term Loan will enable Petitioner to free up working capital previously spent on capital equipment, and reallocate such for use in its day-to-day operations.

The fourth, and last proposed facility, is a Senior Secured Term Loan ("Second Term Loan") that will mature in three years. Petitioner states that the Second Term Loan would be used to refinance an existing debt obligation on more favorable terms. As with the other facilities, Petitioner may elect either the Bank's Prime rate or a 30-day, 60-day or 90-day LIBOR rate, in either case plus an applicable margin.

Petitioners will be entering into a security agreement with the Bank to secure all of the proposed credit facilities. As part of the Security Agreement, Petitioner will grant the Bank a security interest in all of the Petitioner's assets, equipment, receivables, fixtures, and inventory. Petitioner states that granting a security interest to the Bank will not impair its ability to manage its business or its finances, including, but not limited to, Petitioner's obligations under New Jersey law with respect to customer payments and/or deposits (should petitioner collect any such deposits for service). The Security Agreement will be extinguished upon satisfaction of all obligations under the Credit Agreement.

Current management structure and method of operations will remain consistent with those now in place. Consequently, as a result of these transactions, there will be no material change in Petitioner's day-to-day operations in New Jersey, or its management or ownership structure.

The Division of Rate Counsel has reviewed this matter and, by letter dated June 27, 2007, is not opposed to its approval.

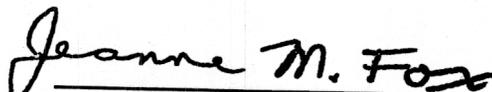
After review, the Board FINDS that the proposed transactions are consistent with the applicable law and are not contrary to the public interest, and approving the purposes thereof, HEREBY

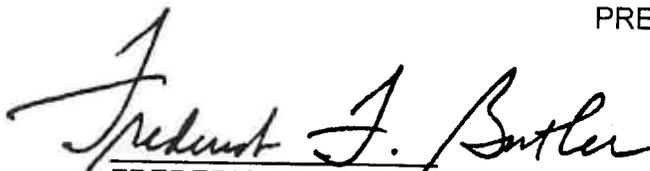
AUTHORIZES Petitioner to participate in the financing arrangements described herein. This Order is issued subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioners.
2. Petitioners shall notify the Board, within five business days, of any material changes in the Agreements and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
3. Petitioners shall notify the Board of any material default on the terms of the Agreements within five business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by the Petitioners.

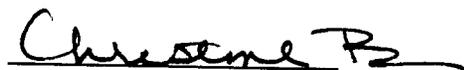
DATED: 8/1/07

BOARD OF PUBLIC UTILITIES
BY:

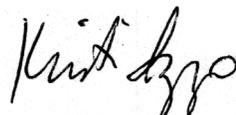

JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

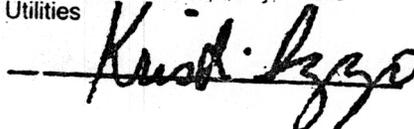

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE VERIFIED PETITION OF RNK, INC. D/B/A RNK TELECOM
FOR APPROVAL OF A FINANCING TRANSACTION

SERVICE LIST

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