

REDACTED—FOR PUBLIC INSPECTION



1200 18TH STREET, NW
WASHINGTON, DC 20036

TEL 202.730.1300 FAX 202.730.1301
WWW.WILTSHIREGRANNIS.COM

ATTORNEYS AT LAW

March 24, 2014

BY HAND DELIVERY AND ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Kris Monteith
Chief, Consumer and Governmental Affairs Bureau
TRS Certification Program
Federal Communications Commission
Washington, DC 20554

Accepted/Filed

MAR 24 2014

FCC Office of the Secretary

**Re: Sorenson Communications, Inc. Supplemental Information Provided in
Furtherance of Sorenson's Application for Special Temporary Authority, and
Request for Confidential Treatment Pursuant to 47 C.F.R. §§ 0.457 and 0.459;
Structure and Practices of the Video Relay Service Program, CG Docket No. 10-51**

Dear Ms. Dortch and Ms. Monteith:

Pursuant to Sections 0.457 and 0.459 of the Commission's rules,¹ Sorenson Communications, Inc. ("Sorenson"), as debtor and debtor-in-possession,² respectfully requests that the Commission accord confidential treatment to the enclosed letter providing responses to additional questions from Commission staff in furtherance of Sorenson's Application for Special Temporary Authority ("Supplemental Letter"), which is attached as Exhibit A in confidential form and as Exhibit B in redacted form. An original and one copy of each are attached. Sorenson is also filing an electronic copy of the redacted version via ECFS.

Sorenson requests pursuant to Sections 0.457 and 0.459 of the Commission's rules, 47 C.F.R. §§ 0.457, 0.459, that the Commission withhold from any future public inspection and

¹ 47 C.F.R. §§ 0.457 and 0.459.

² On March 3, 2014, Sorenson and its affiliated entities: Allied Communications, Inc.; CaptionCall, LLC; SCI Holdings, Inc.; Sorenson Communications Holdings, LLC; Sorenson Communications of Canada, ULC; and Sorenson Holdings, Inc. filed for bankruptcy in the United States Bankruptcy Court for the District of Delaware. *See In re Sorenson Communications, Inc. et al.*, Case No. 14-10454.

No. of Copies rec'd 0+1
List ABCDE

accord confidential treatment to the highly confidential, business sensitive information contained in the Supplemental Letter, including confidential financial information (collectively, the “Confidential Information”). All of the Confidential Information has been redacted from the version attached as Exhibit B and filed electronically.

The Confidential Information constitutes highly sensitive commercial information that falls within Exemption 4 of the Freedom of Information Act (“FOIA”). Exemption 4 of FOIA provides that the public disclosure requirement of the statute “does not apply to matters that are . . . (4) trade secrets and commercial or financial information obtained from a person and privileged or confidential.” 5 U.S.C. § 552(b)(4). Because Sorenson is providing commercial information “of a kind that would not customarily be released to the public” in accordance with the application requirements in Section 64.606 of the Commission’s rules, this information is “confidential” under Exemption 4 of FOIA. *See Critical Mass Energy Project v. NRC*, 975 F.2d 871, 879 (D.C. Cir. 1992).

In support of this request and pursuant to Section 0.459(b) of the Commission’s rules, Sorenson hereby states as follows:

1. Identification of the Specific Information for Which Confidential Treatment Is Sought (Section 0.459(b)(1))

Sorenson seeks confidential treatment with respect to the Confidential Information—all of which has been redacted from the version attached as Exhibit B and filed electronically.

2. Description of the Circumstances Giving Rise to the Submission (Section 0.459(b)(2))

Sorenson is submitting the attached Supplemental Letter, pursuant to a request by Commission staff.

3. Explanation of the Degree to Which the Information Is Commercial or Financial, or Contains a Trade Secret or Is Privileged (Section 0.459(b)(3))

The information described above is protected from disclosure because the Confidential Information constitutes highly sensitive commercial information “which would customarily be guarded from competitors.” 47 C.F.R. § 0.457.

4. Explanation of the Degree to Which the Information Concerns a Service that Is Subject to Competition (Section 0.459(b)(4))

The Internet-based Telecommunications Relay Services market is highly competitive throughout the United States.

5. Explanation of How Disclosure of the Information Could Result in Substantial Competitive Harm (Section 0.459(b)(5))

Disclosure of the Confidential Information would result in substantial competitive harm because disclosure would provide Sorenson's competitors with sensitive insights related to Sorenson's operations, costs, and strategic decisions—all of which would work to Sorenson's severe competitive disadvantage.

6. Identification of Any Measures Taken to Prevent Unauthorized Disclosure (Section 0.459(b)(6))

Sorenson does not make the Confidential Information publicly available.

7. Identification of Whether the Information Is Available to the Public and the Extent of Any Previous Disclosure of the Information to Third Parties (Section 0.459(b)(7))

Sorenson does not make the Confidential Information publicly available.

Sincerely,



John T. Nakahata
Randall W. Sifers
Stephen W. Miller
*Counsel to Sorenson Communications, Inc.,
Debtor and debtor-in-possession*

Attachments

cc: Robert Aldrich (email)
Eliot Greenwald (email)
Gregory Hlibok (email)
Sally Stone (email)
Karen Peltz Strauss (email)

REDACTED—FOR PUBLIC INSPECTION

EXHIBIT B



1200 18TH STREET, NW
WASHINGTON, DC 20036

TEL 202.730.1300 FAX 202.730.1301
WWW.WILTSHIREGRANNIS.COM

ATTORNEYS AT LAW

March 24, 2014

BY HAND DELIVERY AND ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Sorenson Communications, Inc., Supplemental Information Provided in Response to Application for Special Temporary Authority; CG Docket No. 10-51

Dear Ms. Dortch:

Sorenson Communications, Inc., debtor-in-possession (“Sorenson”),¹ hereby provides responses to additional questions from Commission staff, enumerated below. This information is provided in furtherance of Sorenson’s Application for Special Temporary Authority.

1. Total pre-petition principal and interest due.²

First lien loan principal balance (as of petition date):	\$545.9 million
First lien loan interest outstanding (as of petition date):	
	BEGIN CONFIDENTIAL [REDACTED] **END

CONFIDENTIAL**

Senior secured notes principal balance (as of petition date):	\$735.0 million
Senior secured notes interest (as of petition date):	
	BEGIN CONFIDENTIAL [REDACTED]

****END CONFIDENTIAL****

¹ On March 3, 2014, Sorenson and its affiliated entities Allied Communications, Inc.; CaptionCall, LLC; SCI Holdings, Inc.; Sorenson Communications Holdings, LLC; Sorenson Communications of Canada, ULC; and Sorenson Holdings, Inc. (collectively, the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the District of Delaware and, in connection therewith, filed a joint prepackaged chapter 11 plan (the “Plan”). See *In re Sorenson Communications, Inc. et al.*, Case No. 14-10454; see also Letter from Mark D. Davis, Counsel for Sorenson Communications, Inc., to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 10-51 and 03-123 (Mar. 5, 2014) (making a Substantial Change Notification).

² All amounts in this letter are approximate and subject to rounding.

- New secured notes—As currently projected, in the absence of extraordinary events, such as asset sales, ****BEGIN CONFIDENTIAL**** [REDACTED]

[REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
****END CONFIDENTIAL****⁵

Under the Plan, the new holdco notes are due in 2021:

- Holdco notes—As currently projected, in the absence of extraordinary events, such as asset sales, ****BEGIN CONFIDENTIAL**** [REDACTED]

[REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
****END CONFIDENTIAL****⁶

3. Monthly principal and interest payments pre-petition.

First Lien Term Loan. Principal and interest were not paid monthly pre-petition. Principal on the first lien term loan is amortized quarterly. The interest on the first lien term loan is variable, set at LIBOR plus 825 basis points. Interest on the first lien term loan was paid quarterly as shown in table below.

****BEGIN CONFIDENTIAL****

(\$ in millions)	Fiscal Quarter Ending			
	6/30/2013	9/30/2013	12/31/2013	3/31/2014 (est.)
First Lien Term Loan:				
- Beginning principal	\$550.0	[REDACTED]	[REDACTED]	\$545.9
- Amortization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
- Ending principal	[REDACTED]	[REDACTED]	\$545.9	[REDACTED]
- Interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

****END CONFIDENTIAL****

Senior Secured Notes. Principal and interest were not paid monthly pre-petition. Interest accrued daily and was paid semiannually on February 1 and August 1. The interest rate

⁵ ****BEGIN CONFIDENTIAL**** [REDACTED]
 [REDACTED] ****END CONFIDENTIAL****

⁶ See n.5.

is 10.5%. Semi-annually, approximately ****BEGIN CONFIDENTIAL**** [REDACTED] ****END CONFIDENTIAL**** in interest would accrue.

4. Monthly principal and interest payments post-Effective Date.

Post-Effective Date, principal and interest will not be paid monthly. The amounts required to be paid differ among the three different facilities. We describe each in turn.⁷

First Lien Exit Facility. Setting aside the revolving facility, the Plan provides for a new first lien exit facility consisting of a \$550 million term loan.⁸

- Borrower: reorganized Sorenson Communications, Inc.
- Guarantors: reorganized SCI Holdings, Inc. and the other reorganized domestic restricted subsidiaries of reorganized Sorenson Communications, Inc. (which does not include reorganized CaptionCall, LLC)
- Interest rate (per year): Variable at LIBOR, plus 5.75 %, with a LIBOR floor of 2.25%.
- Maturity: + 6 years (~2020).
- Setting aside payments to be made in connection with asset sales, change of control and the issuance of new debt, principal is repaid in two forms, through a mandatory amortization and an excess cash flow sweep. The excess cash flow sweep is 50% for first lien net leverage above 2.5x, and 25% thereafter.

****BEGIN CONFIDENTIAL****

- [REDACTED]
- [REDACTED]
- [REDACTED]

⁷ A more complete summary of each facility is contained in the Disclosure Statement filed with the bankruptcy court.

⁸ ****BEGIN CONFIDENTIAL**** [REDACTED] ****END CONFIDENTIAL**** The key terms of the first lien exit facility, including the revolver, are described in article 1.2(a) of the Disclosure Statement.

- [REDACTED]

****END CONFIDENTIAL****

New Secured Notes. The Plan calls for the issuance of \$375 million in new secured notes.

- Issuer: reorganized Sorenson Communications, Inc.
- Security: second priority lien on the assets of reorganized Sorenson Communications, Inc., SCI Holdings, Inc. and the other domestic subsidiaries
- Maturity: + 6.5 years (~2020)
- Interest rate (per year): 9.0%.
- Interest is paid in kind if first lien net leverage is greater than 4.5x, subject to a \$20 million minimum cash balance.

****BEGIN CONFIDENTIAL****

- [REDACTED]

****END CONFIDENTIAL****

Holdco notes. The Plan calls for the issuance of \$300 million in unsecured notes.

- Maturity: +7.5 years (~2021)
- Interest rate (per year): 13.0%.
- Interest may be paid in kind if sufficient cash is not available.
- Reorganized CaptionCall, LLC may transfer available cash to the new holdco to pay cash interest on the holdco notes subject to a minimum cash balance of \$10,000,000.

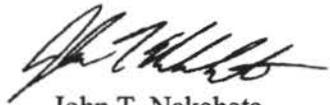
****BEGIN CONFIDENTIAL****

- [REDACTED]

8. What is the post-reorganization management team?

Pursuant to the Plan, the Board of Managers for the new holdco and the details of the new holdco's governance structure will be determined by GSO and Franklin in their sole discretion. Details of the new governance structure as well as the identity of the New Board members will be disclosed in the Plan Supplement, which must be filed 10 days before the confirmation hearing, or by March 31, 2014. The confirmation hearing is currently scheduled for April 10, 2014. An update will be provided after such information is known.

Sincerely,



John T. Nakahata
Randall W. Sifers
*Counsel to Sorenson Communications, Inc.,
Debtor and debtor-in-possession*