

# Lifting Networkx information tap

## STATE GETS INVOLVED

Pressure is building for an accounting of what went wrong with an investment that cost the public \$28 million.

WITH A CITY COUNCIL AUDIT in the works and state regulatory authorities looking over their shoulders, Memphis Networkx officials should finally be getting the message.

Concealing information about the fiber optics venture founded by Memphis Light, Gas and Water Division has been counterproductive and needs to end.

Two members of the MLGW board approved the sale of Networkx to Colorado-based Communications Infrastructure Investments for \$11.5 million on July 5. One member voted against it, and another didn't participate in the vote.

The sale price leaves less than \$1 million for MLGW and its customers, who have put more than \$28 million into the venture.

The company has released some of the documents related to its finances.

Last week, however, the Memphis City Council voted to spend up to \$33,000 for an audit. The council has given up on its efforts to delay the sale, but still believes the public deserves information about why Networkx failed and so much money was lost. Information released so far does not paint the complete picture.

And the Tennessee Regulatory Authority, which must approve the sale, asked Networkx and MLGW to answer questions about such issues as the identities of its other investors, its customers, creditors, employees and the salaries and perks paid to Networkx executives.

Members of the Shelby County legislative delegation have been pressing the TRA to wring more information from Memphis Networkx.

The TRA is properly playing its role in the process, not rushing into approval of the change of control petition filed by an attorney for CII on July 27. The TRA has requested answers from officials of the company and MLGW by Aug. 28.

An effort to block the sale has been filed in Chancery Court by American Fiber Systems, an unsuccessful bidder in the hastily arranged sale.

Its petition contends that City Council approval is legally required for the sale to go through.

And state legislators concerned about the deal also have requested an investigative hearing on the business partnership between MLGW and Memphis Networkx.

If more information is not produced in a timely manner, a hearing could prove useful. MLGW ratepayers have no way of knowing if the utility has been treated fairly in the financial freefall at the company or if the investment turned into a windfall for someone else.

The company has put up a good fight, but it's past time that MLGW ratepayers were fully informed about what happened to their money.