

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-3709
of Vanco Direct USA, LLC,)
Chicago, Illinois, seeking)
approval of a guarantee of) APPROVED
indebtedness.)
) Entered: December 5, 2006

BY THE COMMISSION:

On October 20, 2006, an application was filed by Vanco Direct USA, LLC ("Vanco" or "Applicant"), Chicago, Illinois, seeking approval to guarantee indebtedness of its parent company Vanco plc. Notice of the application was published in The Daily Record, Omaha, Nebraska, on October 23, 2006. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N A N D F I N D I N G S

Upon consideration of the application, the evidence submitted, and being fully advised, the Commission is of the opinion and finds:

Vanco is a Delaware Limited Liability Company headquartered in Chicago, Illinois. Vanco is a reseller of private line telecommunications services on a retail basis to business and carrier customers in Nebraska. Vanco was issued a Certificate of Public Convenience and Necessity in Application No. C-3492 on November 22, 2005. Further, Vanco is authorized to provide resold private line telecommunications services across the United States. Vanco's parent company is Vanco plc.

Vanco seeks approval for a proposed transaction whereby Vanco will guarantee the indebtedness of Vanco plc and certain of its other affiliates. The transaction will include a security interest in Vanco's assets and a pledge of Vanco's membership interests pursuant to Neb. Rev. Stat. § 75-148, which states in pertinent part,

A common carrier may issue stock, bonds, notes, or other evidence of indebtedness, payable at periods of more than twelve months after the date thereof, when necessary for the acquisition of property, the construction,

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

Application No. C-3709

Page 2

completion, extension or improvement of facilities, the improvement or maintenance of its service, or the discharge or lawful refunding of its obligations if the common carrier first secures from the Commission an order authorizing such issue and the amount thereof and stating that in the opinion of the Commission the use of the capital to be secured by the issue of such stock, bonds, notes, or other evidence of indebtedness is reasonably required for the purposes of the carrier.

Under the proposed transaction, Barclays Bank PLC, The Royal Bank of Scotland Plc and Lloyds TSB Bank Plc will collectively make available to Applicant, Vanco plc and certain of its affiliates, the sum of approximately one-hundred and seventy million dollars (\$170,000,000.00) which will be secured by the guarantee of Applicant, a security interest in Vanco's assets and a pledge of Applicant's membership interest. Applicant's parent company, Vanco plc, and certain of its affiliates will serve as the primary obligors of the debt while Vanco will serve as a guarantor.

The Applicant plans to use the proceeds of the financing arrangement to ensure that Vanco's operational needs are adequately funded and the company has sufficient liquidity. Vanco states that the transaction will serve the public interest by enabling Applicant to continue to provide telecommunications services at competitive rates in Nebraska. Further, the transaction will directly benefit consumers by facilitating the continued provision of innovative, high-quality telecommunications services to the public, thereby promoting competition in the telecommunications service market.

Based upon the above information, the Commission finds the application to be in the public interest and to be reasonably required for the purposes of Vanco Direct USA, LLC. Therefore, the application should be granted.

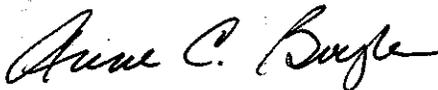
O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-3709 be, and is hereby, granted.

MADE AND ENTERED at Lincoln, Nebraska, this 5th day of December, 2006.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

//s// Lowell C. Johnson
//s// Frank E. Landis


Chairman

ATTEST:


Executive Director