

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application ) Application No. C-3778  
of Vanco Direct USA, LLC, )  
Chicago, Illinois, seeking )  
approval of guarantee of ) GRANTED  
indebtedness. )  
) Entered: April 17, 2007

BY THE COMMISSION:

On February 16, 2007, an application was filed by Vanco Direct USA, LLC ("Vanco" or "Applicant"), Chicago, Illinois, seeking approval to participate in certain debt financing arrangements. Notice of the application was published in The Daily Record, Omaha, Nebraska, on March 15, 2007. 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 corporation with its principle office located in Chicago, Illinois. Applicant is a non-facilities based reseller of local exchange and interexchange services in Nebraska. Vanco was issued Certificates of Public Convenience and Necessity in Application No. C-3492 on November 22, 2005. Further, Vanco is authorized to provide facilities based and/or resold local exchange service and interexchange service across the United States.

Applicant seeks approval and authority to implement certain debt financing arrangements whereby Vanco will guarantee the indebtedness of its affiliate, Vanco UK Limited ("VUK"), the primary obligor of the indebtedness, 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, 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.

The debt financing arrangement proposed would involve Applicant acting as a guarantee of the indebtedness of its affiliate, VUK. ECS United Kingdom Plc will make available to Vanco, VUK and certain other affiliates, the sum of 2,041,709 pounds Sterling (approximately \$4,020,130) which will be secured by a guarantee of Vanco. VUK will serve as the primary obligor of the debt arrangement while Applicant will serve as a guarantor.

Applicants state that the public interest will be served by ensuring that Applicant's operational needs are adequately funded and the company has sufficient liquidity. The financing arrangements will enable the Applicant to continue to provide telecommunications services at competitive rates in Nebraska. Further, Vanco states that the debt transaction will benefit Nebraska 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 purpose 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-3778 be, and is hereby, granted.

MADE AND ENTERED at Lincoln, Nebraska, this 17th day of April, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Donald J. Vup*

*Anne C. Boyle*

*Frank E. Landis*

//s// Rod Johnson

//s// Frank E. Landis

Chairman

*Rod Johnson*

ATTEST:

*A. B. Pollock*

Executive Director