

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the)	Application No. C-5074
Application of Fusion Connect,)	
Inc. and Fusion, LLC, Atlanta,)	
Georgia, seeking Transfer of)	GRANTED
Control to Telecom Holding,)	
LLC, Washington, D.C.)	Entered: September 10, 2019

BY THE COMMISSION:

On August 5, 2019 an application was filed by Fusion Connect, Inc. and Fusion, LLC, Atlanta, Georgia, seeking transfer of control to Telecom Holding, LLC, Washington, D.C. Notice of the application was published in The Daily Record, Omaha, Nebraska, on August 8, 2019. 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

Fusion Connect is a publicly traded Delaware corporation (OTCMKTS: FSNQ), with headquarters located at 210 Interstate North Parkway, Suite 300, Atlanta, GA 30339. Fusion Connect, Inc. in connection with Fusion, LLC (The Fusion Companies) are authorized by the Federal Communications Commission to provide interstate and international telecommunications. The Fusion Companies are a New Jersey limited Liability company with a principal address located at 210 Interstate North Parkway, Suite 300, Atlanta, GA. In Nebraska, The Commission has authorized Fusion, LLC to operate as an interexchange carrier in Application No. C-1930 on January 5, 1999. In total, Fusion, LLC holds intrastate telecommunications service authority in 47 states. Telecom Holdings is a limited liability company, formed under the laws of the State of Delaware, with its principal address at 1 Market Street, Steuart Tower, 23rd Floor San Francisco, CA 94105.

As described further below, Telecom Holdings is solely an investment holding company. When the Fusion Companies emerge from chapter 11 bankruptcy protection, Telecom holdings will hold more than fifty percent (50%) of the common stock of Reorganized FCI. Telecom Holdings has no other operations than to hold debt interests and, ultimately, common stock in Fusion Connect.

Description of the Transaction:

The Fusion Companies filed their chapter 11 cases on June 3, 2019 in order to effectuate a transaction that would improve their

financial structure and position them more securely for future growth, and on July 1, 2019, filed a plan of reorganization (the "Plan") and associated disclosure statement with the Bankruptcy Court. As a consequence of the Transaction, the Fusion Companies will emerge from Bankruptcy with a significantly deleveraged balance sheet, which will enable the Fusion Companies to expand their current investment in enhanced customer experience, product innovation and infrastructure. The Applicants expect that the Fusion Companies will emerge from bankruptcy protection financially stronger and materially better positioned to compete effectively in the U.S. telecommunications and cloud services markets. The Parties believe that the Plan is in the best interests of the Fusion Companies and their respective employees, suppliers, vendors, creditors and other key constituencies.

Under the Plan, all current equity interests in Fusion Connect will be cancelled, certain existing debt of the Fusion Companies will be extinguished, and the holders of that debt will receive, among other things, new common stock in Reorganized FCI. Consequently, upon emergence from bankruptcy BCHI Holdings, LLC and Holcombe T. Green, Jr., parties that currently hold intermediate and ultimate control of the Fusion Companies, will no longer hold a controlling interest in the Fusion Companies, and all of the new common stock of Reorganized FCI will be held by the Lenders. Accordingly, the Transaction will result in a substantial change in ownership and control of the Fusion Companies.

At emergence, only one party, Telecom Holdings, will own Ten percent (10%) or more of the common stock of Reorganized FCI. Telecom Holdings is owned on a pro rata basis by twelve U.S. citizens none of whom will hold a direct or indirect economic interest in Reorganized FCI of Ten percent (10%) or more. The remaining common stock in Reorganized FCI (and, indirectly, in the other Fusion Companies) will be held in varying amounts by other Lenders, none of whom will hold common stock representing an equity or voting interest of Ten percent (10%) or more of the common stock of Reorganized FCI at emergence. In addition, Telecom holdings will hold more than fifty percent (50%) of the new common stock of Reorganized FCI at emergence and have *de jure* control of the Fusion Companies. Accordingly, this application seeks authority for Telecom Holdings to acquire more than fifty percent (50%) of the indirect equity interests in The Fusion Companies.

The Applicant stated the proposed transaction will affect only the ultimate ownership of the Fusion Companies and will not result in any changes in rates, terms, or conditions of service for retail customers. The Fusion Companies are not seeking to

cancel or assign its Certificate. No customer transfers are planned. Following the transaction, the Fusion Companies will continue to offer the same services as offered prior to the transaction.

According to the Applicant, the proposed transfer of control serves the public interest because the reorganization of the Fusion Companies will allow them to maximize the value of the Fusion Companies and reduce their debt load, emerging from chapter 11 protection as financially stronger competitors, well positioned to continue delivery of their comprehensive portfolio to business customers. This restructuring and the newly configured financial resources available to the Fusion Companies should ensure that they continue to offer competitive, high-quality communications and cloud services offerings to customers throughout the United States. At the same time, the proposed Transaction will have no adverse impact on the current customers of any of the Fusion Companies.

The proposed Transaction will have no adverse effects upon the Nebraska telecommunications market. The Fusion Companies have a small share of this market and, significantly, the Transaction will not eliminate any market participants nor will it, in any respect, reduce the services choices available to consumers. Moreover, while conveying all of the previously-noted benefits, the Transaction holds no adverse effects for Nebraska customers of The Fusion Companies. The RSA and additional financial support provided by the Lenders to fund the chapter 11 cases as well as the carefully crafted Plan all ensure that The Fusion Companies are able to continue providing services to their customers without any interruption or diminishment of service quality. Upon the emergence of the Fusion Companies from chapter 11, these customers will continue to receive the same services as they do today, pursuant to the same rates, terms and conditions.

Based on the evidence, we find the application to be fair and reasonable and in the public interest. The application should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-5074 be, and it is hereby, granted.

Application No. C-5074

Page 4

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 10th day of September, 2019.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Crystal Knudsen

Pat Johnson

Tim Schrom

Mary Fiddis

Chair

ATTEST:

Michael H. 1620

Executive Director