

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application)	Application No. C-4654
of ALEC, LLC, Lexington,)	
Kentucky, MBS Holdings, Inc. and)	
Momentum Telecom, Inc.,)	
Birmingham, Alabama, seeking)	GRANTED
approval for issuance of debt)	
and related financing)	
arrangements.)	Entered: February 25, 2014

BY THE COMMISSION:

On January 7, 2014, an application was filed by ALEC, LLC, ("ALEC") of Lexington, Kentucky, MBS Holdings, Inc. ("MBS"), and Momentum Telecom, Inc., ("Momentum"), both of Birmingham, Alabama, (jointly "Applicants"), seeking approval to issue debt and enter into certain debt financing arrangements in connection with the acquisition of ALEC's corporate parent by MBS. Notice of the application was published in The Daily Record, Omaha, Nebraska, on January 13, 2014. 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

MBS is a Delaware corporation with its principal offices located in Birmingham, Alabama. MBS, through its operating affiliates, provides wholesale voice over Internet protocol ("VoIP") services for residential and business customers.

Momentum is a wholly-owned subsidiary of MBS. Momentum is authorized to provide competitive local exchange and interexchange telecommunications services in Nebraska under and by virtue of authority heretofore granted by this Commission.¹

ALEC is a Kentucky limited liability company with principal offices located in Lexington, Kentucky. ALEC provides competitive local and interexchange telecommunications services in Nebraska under and by virtue of authority heretofore granted by this Commission.²

ALEC is an indirect, wholly-owned subsidiary of IBBS Holding, LLC ("Holdings"). One of Holdings' wholly-owned subsidiaries is IBBS. Through its affiliates, including ALEC, IBBS is a provider of operational support software and other services for cable and broadband operators. IBBS is not a

¹ See Authority Docket C-3923, (May 28, 2008).

² See Authority Docket C-3967, (December 16, 2008).

regulated entity in any jurisdiction. ALEC is its only regulated telecommunications carrier affiliate.

Pursuant to a Purchase Agreement ("Agreement") executed in December of 2013, MBS is planning a transaction that will result in MBS Intermediate Holdings, LLC ("Intermediate"), a wholly-owned subsidiary of MBS, acquiring 100% of the equity of IBBS and its affiliates, including ALEC and IBBS GP, LLC ("GPLLC").

To finance the proposed acquisition of IBBS, MBS has arranged certain credit facilities involving, (i) a first lien revolving credit facility of up to \$5 million; (ii) first lien term loans in the amount of \$43 million, for a combined total of \$48 million. The credit facilities have a five year maturity and allow for the refinancing of outstanding indebtedness of Momentum and fund working capital for the borrowers.

Pursuant to the financing arrangements, MBS and each subsidiary of MBS, Momentum, GPLLC, and IBBS, including ALEC, will guarantee the obligations under the credit facilities. The credit facilities will be secured by a first priority lien on all or substantially all for the tangible and intangible assets of the borrowers and guarantors, including equity interests in Intermediate, Momentum, GPLLC, IBBS, and ALEC, which includes the assets used to provide service in Nebraska.

After the Agreement is completed and the related financing arrangements in place, Momentum and ALEC will remain separately certificated entities and continue to provide service as they currently provide. There will be no transfer of Momentum's or ALEC's assets or changes in the rates, terms and conditions of service provided by ALEC and Momentum. The transaction will be transparent to Momentum's and ALEC's customers and the general public.

The Applicants state the financing arrangement in connection with the acquisition are in the public interest as it will promote competition by resulting in a combined enterprise that can achieve greater economies of scale and scope. The transaction will enable MBS to respond more rapidly to the needs of consumers and provide consumers with a full portfolio of competitive communications services.

Applicants seek approval from the Commission 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.

Upon review of the evidence, the Commission finds that the application filed herein is in compliance with the applicable Nebraska Statutes and that the debt financing agreement is reasonably required for the aforementioned purpose. The application is fair, reasonable and in the public interest and should be granted.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-4654 be, and is hereby granted.

MADE AND ENTERED at Lincoln, Nebraska, this 25th day of February, 2014.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Bruce Boyle
Tim Schram
Pat Johnson
Guadalupe

Frank E. Landis
 Chairman

ATTEST:

Steve Meredith
 Executive Director

//s//Frank E. Landis