

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-4668
of XO Communications Services,)
LLC, Herndon, Virginia, seeking)
approval of certain debt)
financing transactions.) GRANTED
)
)
) Entered: May 13, 2014

BY THE COMMISSION:

On March 26, 2014, an application was filed by XO Communications Services, LLC ("XOCS" or "Applicant") of Herndon, Virginia, seeking approval to provide its guarantee, pledge its equity interests and assets or to otherwise provide security in connection with financing arrangements entered into by XOCS's parent company. Notice of the application was published in The Daily Record, Omaha, Nebraska, on April 1, 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

XOCS is a Delaware limited liability company with its principal offices located in Herndon, Virginia. XOCS is authorized to provide general telecommunications services to business customers and interstate and international telecommunications services in Nebraska under and by virtue of authority heretofore granted by this Commission.¹

XOCS is a wholly-owned subsidiary of XO Communications, LLC ("XO"). XO is a Delaware corporation with principal offices located in Herndon, Virginia. XO and its subsidiaries, primarily XOCS, provide intrastate interexchange services in 49 states and provide competitive local exchange services in 48 states and the District of Columbia.

XOCS seeks to enter into financing arrangements with banks, other financial institutions and/or other types of investors. The planned financing, to be obtained through a syndicate of lenders, includes an initial \$500 million senior secured term loan facility, with the ability to add an incremental facility or facilities in an aggregate amount equal to the sum of \$250 million plus a projected amount of \$600 million based on XO's ratio of first lien indebtedness to EBITDA. The transaction will not result in any change in control of XOCS.

¹ See Docket C-3245, (September 8, 2004).

The Applicants state the financing transactions are in the public interest as it will enhance the ability of XOCS to grow and compete in the highly competitive markets for telecommunications services in Nebraska and nationwide. The financing transaction described herein is not expected to have any direct effect upon the rates of XOCS, nor to have any adverse affect whatsoever upon the services provided by Applicant.

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-4668 be, and is hereby granted.

MADE AND ENTERED at Lincoln, Nebraska, this 13th day of May, 2014.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Aune Bogle
Kim Schram
Red Johnson
Frank E. Landis

Frank E. Landis
Chairman

ATTEST:

Steve Meradith
Executive Director

//s//Frank E. Landis