

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

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| In the Matter of the Application |) | Application No. C-4793 |
| of MBS Holdings, Inc., Momentum |) | |
| Telecom, Inc., Birmingham, |) | GRANTED |
| Alabama, and ALEC, LLC, |) | |
| Lexington, Kentucky, seeking |) | |
| approval of issuance of debt and |) | |
| related financing agreements. |) | Entered: October 27, 2015 |

BY THE COMMISSION:

On September 18, 2015, an application was filed by MBS Holdings, Inc., ("MBS") and Momentum Telecom, Inc., ("Momentum" of Birmingham, Alabama, and ALEC, LLC, ("ALEC") Lexington, Kentucky, (collectively referred to as "Joint Applicants") seek approval of the issuance of debt and related financing transactions. Notice of the application was published in The Daily Record, Omaha, Nebraska, on September 23, 2015. No protests were filed; therefore, this application is processed pursuant to the Commission's rule of modified procedure.

Description of the Parties:

MBS is a Delaware corporation with its principal place of business in Birmingham, Alabama. Through its operating affiliates, including Momentum and ALEC, and via the trade name Momentum Telecom, MBS provides wholesale voice over Internet protocol (VoIP) solutions for cable operators serving residential and business customers and municipalities, and is a competitive provider of residential small business, and enterprise VoIP services, broadband monitoring, provisioning and managed support services. Nationally, Momentum Telecom currently supports approximately 400 cable operators, broadband providers and reseller partners, manages more than one million high-speed data modems, and powers approximately 200,000 VoIP lines around the country.

ALEC is a Kentucky limited liability company with its principal place in Lexington, Kentucky. ALEC is an indirect, wholly owned subsidiary of MBS. The Commission authorized ALEC to provide competitive local exchange and other telecommunications services in Docket C-3967 on December 16, 2008.

Momentum is a Delaware corporation with its principal place of business in Birmingham, Alabama. Momentum is an indirect, wholly owned subsidiary of MBS. The Commission authorized Momentum to provide competitive local exchange and other telecommunications services in Docket C-3923 on May 28, 2008.

Alteva, Inc., is a publicly traded holding company of several communications service providers, including Alteva of Warwick, LLC, the incumbent local exchange carrier in New York and New Jersey, Alteva Long Distance, LLC, and Alteva Solutions, Inc. Alteva does not operate any regulated affiliates in Nebraska. Applications seeking approval for the transfer of Alteva of Warwick and Alteva Long Distance to MBS are being filed with the New York Public Service Commission, the New Jersey Board of Public Utilities and with the Federal Communications Commission.

Description of the Transaction:

Pursuant to a Merger Agreement executed on September 2, 2015, MBS is planning a transaction that among other things will result in MBS acquiring 100 percent of the outstanding equity of Alteva. In addition to equity generated by MBS's operations and contributed by the current owners of MBS, the transaction will be financed through the arrangement for which approval is being sought here.

To finance the proposed acquisition of Alteva, MBS has arranged to obtain new term loans in an aggregate principal amount of \$10 million (the "new term loans") from Stellus Capital Investment Corporation and Medley Capital Corporation. The new term loans will be made to MBS affiliates Momentum, IBBS, IBBS GP, LLC and MBS Intermediate Holdings (all wholly owned subsidiaries of MBS)(the "Existing Borrowers") pursuant to the existing credit facility provided by Stellus, Medley and ServisFirst Bank under the IBBS financing arrangement approved by the Commission in 2014 (the "Credit Agreement"). The new term loans shall rank *pari passu* with the following loans previously provided to the existing borrowers under the Credit Agreement: (i) a first lien revolving credit facility of up to \$5 million; and (ii) first lien term loans in the amount of approximately \$40 million. The new term loans and existing loans under the Credit Agreement (collectively, the "Credit Facility") shall mature on March 10, 2019, and may be subject to optional and mandatory prepayment in accordance with the Credit Agreement.

Pursuant to the Credit Agreement and in connection with the closing of the new term loans, (i) Alteva shall become an additional co-borrower under the credit Agreement and (ii) each of Alteva's subsidiaries shall become a guarantor under the Credit Agreement. As a result, each existing and subsequently acquired direct and indirect domestic subsidiary of MBS (including ALEC, Momentum and Alteva) will guarantee the Credit

Facility and other obligations under the Credit Agreement. The Credit Facility will be secured by a first priority lien on all or substantially all of the tangible and intangible assets of the borrowers and guarantors.

Following the consummation of the proposed acquisition and related financing arrangements, Momentum and ALEC will remain separately certificated entities and continue to provide services as they are presently provided. There will be no transfer of Momentum's or ALEC's assets used in the provision of these services or transfer or assignment of their authorizations. Nor will there be any immediate change in the terms and conditions of the services provided by Momentum or ALEC as a result of the proposed transaction and related financing arrangements.

According to the Applicants, the financing arrangements related to MBS's acquisition of Alteva will serve the public interest by promoting competition. Specifically, the transaction will result in a combined enterprise that can achieve greater economies of scale and scope than would otherwise have been the case. The proposed transaction will not involve a change in the entities authorized to provide regulated telecommunications services in Nebraska, nor will it change any of the rates, terms or conditions of such services.

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

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.

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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-4793 be, and is hereby granted.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 27th day of October, 2015.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Tim Schram

Crystal Swadlow

Pat Johnson

//s//Frank E. Landis

//s//Gerald L. Vap

Chairman

Gerald L. Vap

ATTEST:

Jebby L. Poley

Executive Director