

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 28th day
of June, 2007.

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| Application of NuVox Communications of |) | |
| Missouri, Inc., for Authority to Provide its |) | <u>Case No. TF-2007-0356</u> |
| Security in Connection with Financing. |) | |

**ORDER GRANTING MOTION TO REOPEN CASE AND AMEND ORDER
APPROVING FINANCING APPLICATION**

Issue Date: June 28, 2007

Effective Date: July 8, 2007

Syllabus: This order grants NuVox Communications of Missouri, Inc.'s. ("NuVox Communications") Motion to Re-Open Case and Amend Order Approving Amended Financing Application filed on May 25, 2007.

On March 26, 2007, NuVox Communications filed an application for authority to provide its guarantee, grant a security interest in its assets and pledge its stock in connection with financings being arranged for its parent, Gabriel Communications ("Gabriel"), a subsidiary of NuVox, Inc., of an amount up to \$260 million (collectively, the "Loans"). NuVox Communications is a competitive local exchange company ("CLEC") and is authorized to provide local exchange and interexchange telecommunications services in Missouri.

In support of its application, NuVox Communications contended that approving its application would serve the public interest by enhancing its ability to grow and compete in the highly competitive markets for telecommunications services in Missouri and nationwide.

NuVox Communications further contended that the financing would provide it with the financial resources necessary (1) to refinance certain existing debt of NuVox Communications' parent, Gabriel, (2) to finance dividend obligations of NuVox, Inc., the ultimate parent of NuVox Communications, and (3) for other corporate purposes (collectively, "the Transactions"). The financing is also intended to refinance certain existing debt of another company that NuVox, Inc., intends to acquire, Florida Digital Network, Inc., d/b/a FDN Communications ("FDN").

The Loans, as described in NuVox Communications' original application, would consist of a \$180 million senior secured seven-year term loan, a \$10 million senior secured six-year term revolving credit facility, and \$70 million of senior second lien secured eight-year term loans.

On April 26, 2007, the Commission's Staff filed a Recommendation and Memorandum recommending the Commission approve NuVox Communications' application. Based upon its review of NuVox Communications' application, Staff found that the application complied with the requirements of 4 CSR 240-3.530. Staff also agreed with NuVox Communications' position that, as a non-dominant carrier operating in a competitive environment, NuVox Communications is not subject to rate of return regulation and its capital structure is not pertinent to a Commission decision on its application.

On April 27, 2007, NuVox Communications filed an amended application and a motion requesting leave to file the amended application. In support of its motion, NuVox Communications stated that the amendments reflected that the previously anticipated secondary finance facility had simply been combined into the senior finance facilities and clarified a statement about dividends.

On May 1, 2007, Staff filed a Supplemental Recommendation and Memorandum recommending the Commission approve NuVox Communications' application as amended. Based upon its review of NuVox Communications' amended application, Staff identified three changes from the original application: (1) a change in the use of the loans proceeds from dividend obligations of NuVox, Inc., to dividend or other distributions of NuVox, Inc., (2) a change that increases the \$180 million senior secured seven year term loan to \$250 million, and (3) a change that eliminates the \$70 million senior second lien secured eight year term loan. Staff advised the Commission that the amendment did not change Staff's recommended approval of the financing transactions, which Staff continued to believe were reasonable and not detrimental to the public interest. On May 10, 2007, the Commission issued an order which, among other things, approved NuVox Communications' amended application.

On May 25, 2007, NuVox Communications filed a Motion to Re-Open Case and Amend Order Approving Amended Financing Application. In support of its request, NuVox Communications states that subsequent to the Commission's approval of its amended application, NuVox Communications' management determined that it would be advantageous to slightly increase the amount of the senior secured seven-year term loan. Specifically, NuVox Communications wants to increase its senior secured seven year term loan from \$250 million to \$265 million, while leaving the \$10 million senior secured six-year term revolving credit facility the same. This would increase the total secured financing from \$260 million to \$275 million.

On June 22, 2007, Staff filed a Second Supplemental Recommendation and Memorandum recommending the Commission approve NuVox Communications' applica-

tion as amended by its May 25th filing. Based upon its review of NuVox Communications' second amended application, Staff advised the Commission that the amendment does not change Staff's recommended approval of the financing transactions, which Staff continues to believe are reasonable and not detrimental to the public interest.

Since no one has requested a hearing in this case, the Commission may grant the relief requested based on the verified pleadings filed in this docket, which are hereby entered into evidence. The Commission has reviewed and considered NuVox Communications' application, amended application, second amended application, the Recommendation and Memorandum of Staff, the Supplemental Recommendation and Memorandum of Staff, and the Staff's Second Supplemental Recommendation and concludes that approving the second amended application is in the public interest.

IT IS ORDERED THAT:

1. NuVox Communications of Missouri, Inc.'s Motion to Re-open Case is granted.
2. NuVox Communications of Missouri, Inc.'s Motion to Amend Order Approving Amended Financing Application is granted.
3. NuVox Communications of Missouri, Inc., is authorized to provide its guarantee, grant a security interest in its assets, and pledge its stock in connection with financings being arranged for its parent, Gabriel Communications Finance Company, a subsidiary of NuVox, Inc., of an amount up to \$275 million.
4. NuVox Communications of Missouri, Inc., is authorized to do any and all other things as may be reasonably necessary in furtherance of all acts specifically authorized by this order.

5. Nothing in this order shall be considered a finding by the Commission of the value of these transactions for ratemaking purposes and the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions, and their results in cost of capital, in any later proceeding.

6. This order shall become effective on July 8, 2007.

7. This case may be closed on July 9, 2007

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton,
and Appling, CC., concur.

Voss, Regulatory Law Judge