

**BY OVERNIGHT MAIL**

November 11, 2005

Thomas Dorman, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602-8294

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PUBLIC SERVICE  
COMMISSION

**Re: Notice of Pac-West Telecomm, Inc. of Debt, Encumbrance of Assets and  
Financing Transactions**

Dear Mr. Dorman:

Pac-West Telecomm, Inc. ("Pac-West" or "Company"), by its undersigned counsel, hereby notifies the Kentucky Public Service Commission ("Commission") of its participation in certain debt and debt related financing arrangements. Specifically, Pac-West plans to issue long-term debt in the aggregate principal amount of up to \$20 million and issue a security interest in all its regulated assets including those in Kentucky. In particular, the Company anticipates that it will enter into the following two transactions: 1) A Term Loan and Security Agreement between Merrill Lynch Capital and Pac-West Telecomm, Inc. in which Pac-West will issue long term debt in the amount of up to \$15 million; 2) A Loan and Security Agreement between Comerica Bank and Pac-West Telecomm, Inc. and its subsidiaries in which Pac-West will issue long term debt in the amount of up to \$20 million and will issue a security interest in all the regulated assets in Kentucky.

In support of this filing, Company states as follows:

**I. PAC-WEST TELECOMM, INC.**

Pac-West is a California company formed on May 15, 1996.<sup>1</sup> It maintains its principal place of business at 1776 W. March Lane, Suite 250, Stockton, CA 95207. Company or its subsidiaries are an authorized provider of traditional and next-generation voice communications services in Alabama, Arizona, California, Colorado, Florida, Idaho, Kentucky, Maryland, New Mexico, New York, Nevada, Oregon, Pennsylvania, Rhode Island, Utah, Washington, Wisconsin

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<sup>1</sup> In its initial application for authority, Pac-West inadvertently stated that the company was incorporated on September 5, 2000 when in fact the company was incorporated May 15, 1996.

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and the District of Columbia. Pac-West has 25 years of experience in voice telephony and currently operates one of the most comprehensive local access networks in the Western United States, with plans of continued growth. Accordingly, Company or its affiliates currently have pending requests for authorization to provide IXC and/or CLEC services in Delaware, Georgia, Indiana, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, North Carolina, South Carolina, Texas and Virginia.

In Kentucky, Pac-West is authorized to provide resold and facilities-based interexchange and local exchange services pursuant to tariffs accepted by the Commission effective October 26, 2005. Further information regarding Company's legal, technical, managerial and financial qualifications to provide service was submitted with its request for authorization submitted to the Commission. Such information, therefore, is already a matter of public record, and Company requests that it be incorporated herein by reference.

**II. DESIGNATED CONTACTS**

Inquiries or copies of any correspondence, orders, or other materials pertaining to this filing should be directed to:

Richard M. Rindler  
Brian McDermott  
SWIDLER BERLIN, LLP  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007  
Tel: (202) 424-7500  
Fax: (202) 424-7645  
Email: [rmrindler@swidlaw.com](mailto:rmrindler@swidlaw.com)  
[bmmcdermott@swidlaw.com](mailto:bmmcdermott@swidlaw.com)

with copies to:

Lynne Martinez  
Director Government Affairs  
Pac-West Telecomm, Inc.  
1776 W. March Lane, Ste. 250  
Stockton, CA 95207  
Tel: (209) 926-4339  
Fax: (209) 926-4585  
Email: [lmartin@pacwest.com](mailto:lmartin@pacwest.com)

**III. DESCRIPTION OF TRANSACTIONS**

Pac-West will enter into two financing transactions in the aggregate amount of up to \$35 million. The first financial transaction is a term loan and security agreement between Merrill Lynch Capital and Pac-West Telecomm, Inc. in which Pac-West will issue long term debt in the amount of up to \$15 million ("Merrill Lynch Loan Agreement"). No encumbrance of assets in Kentucky will be involved in the Merrill Lynch Loan Agreement. The second financing transaction is a term loan agreement entered into between Comerica Bank and Pac-West and its subsidiaries on November 9, 2005 ("Comerica Loan Agreement") in the aggregate principal amount of up to \$20 million. In connection with the Comerica Loan Agreement, Pac-West has pledged the entirety of their regulated assets in Kentucky. The purpose of the loans is for general working capital purposes, to finance capital expenditures and to repurchase certain convertible subordinated notes.

Pac-West assures the Commission, that entering into the transactions, the pledge of assets and the issuance of debt, will be entirely transparent to consumers, will not cause a change in the officers or directors of Company and will not alter the rates, terms and conditions under which Company will provide service in Kentucky. Also, entering into the transactions will not make any change in the control of the Company.

**IV. PUBLIC INTEREST CONSIDERATIONS**

Pac-West's participation in the proposed financing arrangements described herein will serve the public interest in promoting competition among telecommunications carriers by providing Company with the opportunity to strengthen its financial position. Pac-West believes that the financial arrangements described herein provide important financial benefits to the company by improving and expanding the terms of credit under which it operates. As a result, the proposed transactions are expected to continue to yield financial benefits that ultimately inure to the benefit of Pac-West's customers.

The financing arrangements described above are necessary and appropriate, are consistent with the performance by Pac-West of its services to the public, will not impair the ability of Pac-West to perform such services, and will promote a lawful objective within the corporate purposes of Pac-West. Furthermore, by increasing the breadth and scope of telecommunications services made available through Company's ongoing operations, this financing transaction will ultimately benefit Kentucky consumers. In sum, greater access to capital strengthens Pac-West's ability to bring competitive telecommunications services to consumers in the State of Kentucky and is, therefore, in the public interest.

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V. CONCLUSION

WHEREFORE, for the reasons stated above, Pac-West Telecomm, Inc. submits that the public interest, convenience, and necessity will be furthered by participation in the financing arrangements described herein. An original and ten (10) copies of this filing are enclosed. Please date-stamp and return the enclosed extra copy of this filing in the self-addressed, stamped envelope provided. If there are any questions regarding this filing, please contact the undersigned counsel.

Respectfully submitted,

A handwritten signature in black ink that reads "Brian McDermott" followed by a stylized monogram "RMB".

Richard M. Rindler

Brian M. McDermott