KELLEY DRYE & WARREN LLP
A LIMITED LIABILITY PARTNERSHIP

3050 K STREET, N.W.
SUITE 400
WASHINGTON, D.C. 20007
(202) 342-8400

NEW YORK, NY
TYSONS CORNER, VA
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ

BRUSSELS, BELGIUM

AFFILIATE OFFICES
MUMBAI, INDIA

FACSIMILE
(202) 342-8451
www.kelleydrye.com

May 25, 2006

VIA UPS

Ms. Stephanie Bell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: *Informational Filing* of Global Crossing Telecommunications, Inc., Budget Call Long Distance, Inc., Global Crossing North American Networks, Inc., Global Crossing Local Services, Inc. and Global Crossing Telemanagement, Inc. Regarding their Intent to Provide Their Security in Connection with Financing

Dear Ms. Bell:

Global Crossing Telecommunications, Inc., Budget Call Long Distance, Inc., Global Crossing North American Networks, Inc., Global Crossing Local Services, Inc., and Global Crossing Telemanagement, Inc. (collectively, the "Companies"), by their attorneys, hereby respectfully advise the Kentucky Public Service Commission ("Commission") of their intent to provide their guarantee, serve as borrowers or co-borrowers, or to otherwise provide security in connection with financings of up to $200 million being arranged for their parent company, Global Crossing North America, Inc. ("Parent") (Parent and the Companies, together the "Borrowers"). The Companies submit that the proposed financings do not require Commission approval, and thus, this information is being filed with the Commission for informational purposes only pursuant to the Commission's Administrative Case No. 359 and No. 370 ("Administrative Cases"). Pursuant to the Administrative Cases, the Companies understand that they are exempt from filing an application for prior approval of securing evidence of indebtedness. In support of this notification, the Companies provide the following information:

The Companies. Global Crossing Telecommunications, Inc. is a Michigan corporation; Budget Call Long Distance, Inc. is a Pennsylvania corporation; Global Crossing North American Networks, Inc. is a New York corporation; Global Crossing Local Services, Inc. is a Delaware corporation; Global Crossing Telemanagement, Inc. is a Wisconsin corporation. The Companies are wholly-owned subsidiaries of Parent, a Delaware corporation, which is in turn a wholly-owned subsidiary of Global Crossing Limited, an exempt company with limited liability organized under the laws of Bermuda (the Companies, Parent, and Global Crossing Limited, collectively "Global Crossing"). The Companies and Parent are headquartered at 1080 Pittsford-Victor Road, Pittsford, NY 14534. Global Crossing Limited is headquartered at Wessex House, 1st Floor, 45 Reid Street, Hamilton HM 12, Bermuda, (441) 296-8600.

Global Crossing provides telecommunications solutions over the world's first integrated global IP-based network. Its core network connects more than 300 major cities in 29 countries worldwide, and delivers services to more than 600 cities in 60 countries and six (6) continents around the globe. Global Crossing offers a full range of managed data and voice products to 36 percent of the Fortune 500, as well as 700 carriers, mobile operators and ISPs. Parent's subsidiaries are authorized to provide telecommunications services in all 50 states and the District of Columbia. In Kentucky, the Companies are authorized to provide intrastate telecommunications services.[1] The Companies are also authorized by the Federal Communications Commission ("FCC") to provide interstate telecommunications services. In addition, Global Crossing Telecommunications, Inc., Budget Call Long Distance, Inc. and Global Crossing North American Networks, Inc. are authorized by the FCC to provide international telecommunications service.

Description of the Transaction. The Companies propose that Parent and/or the Companies obtain up to $200 million through one or more financing arrangements with banks, other financial institutions and/or other types of investors (the "Financings"). Current proposed Financings include a $55 million revolving senior credit facility from a commercial bank (the "Commercial Bank"). The Borrowers may obtain other Financings in the future.

The exact amounts and terms of each Financing, which may be completed in multiple tranches, will not be finalized until the specific arrangement(s) have been completed or shortly before funding of the various transactions, and will reflect the market conditions then existing. Some of the terms, such as interest rate, may fluctuate during the term of the Financing due to changes in market conditions and the financial condition and/or the performance of the Borrowers. The terms of each Financing is expected to be substantially as follows:

Funding Providers: The funding providers may be banks, financial institutions, private lending institutions, private individuals, and/or other institutions, either individually or a consortium. The funding group may change over the life

---

[1] *See* Case 9031, November 21, 1984; Case 96-013, March 22, 1996; Case 94-146, July 13, 1994; Track #61-0254, April 2, 2000; Track #60-1372, December 15, 1999.

of the Financing. As noted previously, it is expected at present that the Commercial Bank will provide Financing.

Amount: Up to $200 million. Portions of the financed funds may be in the form of conventional credit facilities such as revolving credits (which can be reborrowed during the term of the commitment); letters of credit; the issuance of secured or unsecured notes or debentures (including notes convertible into common stock) to banks, other types of financial institutions or other investors; or term loans. As noted previously, at present, it is expected that the Commercial Bank will provide a revolving senior credit facility of up to $55 million.

Maturity: Any maturity date will be subject to negotiation and will depend on credit conditions. All maturity dates will be longer than one (1) year. It is expected that the revolving senior credit facility to be provided by the Commercial Bank will mature three (3) years after the closing date.

Interest: Any interest rate will likely be the market rate for similar Financings and will not be determined until such time as each Financing is finalized. As is typical in such transactions, the interest rate will have two components, a base rate and a margin rate. The base rate would be defined as the base or prime rate charged by a specified major bank for loans of similar size with similar maturities or an as adjusted federal funds rate. Eurodollar loans would be based on a specified London Interbank Rate. It is expected that the revolving senior credit facility to be provided by the Commercial Bank will bear interest at a rate equal to LIBOR plus 300 basis points or the Commercial Bank's prime rate plus 150 basis points.

Security: Some and perhaps all of the loans to Borrower(s) are expected to be secured by a security interest in specified assets of the Companies, including, but not limited to, a security interest in their receivables, tangible personal property, equipment, and intellectual property. The stock of the Companies may also be pledged as additional security. In some cases, the Companies may provide guarantees or be a borrower or co-borrower. The security documents will contain appropriate provisions indicating that the exercise of certain rights thereunder may be subject to obtaining prior regulatory approval. It is expected that the revolving senior credit facility to be provided by the Commercial Bank will be secured by shares in and substantially all of the North American assets of the Borrowers.

Use of Proceeds: Some of the proceeds will be available for general corporate purposes, capital expenses, and working capital. Other proceeds will be used to fund the acquisition of other telecommunications companies and/or telecommunications assets. Where money is to be provided to the Companies for the acquisition of such assets, the Companies will execute an intercompany note for that amount to Parent.

Public Interest Considerations. The Financings will serve the public interest by enhancing the ability of the Companies to grow and compete in the highly competitive markets for telecommunications services in Kentucky and nationwide. The financing transaction described herein is not expected directly to affect in any way the rates or services of the Companies or their affiliates, or result in any change in control of the Companies or their affiliates. The financing arrangement will provide the Companies with the financial resources needed to further grow and expand its business and to compete in today's highly competitive telecommunications environment.

The Companies compete in Kentucky and other markets with numerous other interexchange carriers and enhanced service providers as well as the incumbent local exchange carrier and other competitive local exchange carriers. Because the Companies are non-dominant carriers, they are not subject to rate of return regulation and their capital structure should not be a matter of concern to the Commission. In addition, because of the highly competitive environment in which they operate, the rates charged customers are subject to market discipline and the services offered generally are available from numerous other carriers. As a result, the source of funds and capital structure of the Companies would have little effect on customers in Kentucky or elsewhere. In the unlikely event that the Companies' capital structure becomes too costly and rates rise, customers may simply migrate to other carriers with preferred rates. Thus, any adverse consequences from the financing decisions impact the shareholders, not the customers, and any favorable consequences benefit both shareholders and consumers through higher profits, lower rates, and better services.

Moreover, because the public interest is best served by assuring the presence of numerous telecommunications competitors in Kentucky, it is important to provide such competitors with the flexibility to arrange financing in the manner they deem most appropriate to carry on business so long as there is no adverse impact on the public. To deny such flexibility would discourage new competitors from entering the state and would encourage existing competitors in the state to seek a more favorable regulatory environment elsewhere, neither of which would enhance the public interest. Given the challenges facing competitive telecommunications carriers, the availability of funds to the Companies in this manner would benefit Kentucky consumers.

As noted above, the Companies submit that no prior Commission approval is required for the Financings described herein. Should the Commission believe that any action is required, the Companies respectfully request that the Commission notify the undersigned at its earliest convenience. Enclosed please find an original and four (4) copies of this filing, a duplicate copy and a self-addressed, postage-paid envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should the Commission have any questions, please contact the undersigned at (202) 342-8552.

Respectfully submitted,

Global Crossing Telecommunications, Inc.
Budget Call Long Distance, Inc.
Global Crossing North American Networks, Inc.
Global Crossing Local Services, Inc.
Global Crossing Telemanagement, Inc.

By: ______________________________

Joan M. Griffin
Melissa S. Conway
KELLEY DRYE & WARREN LLP
3050 K Street, N.W., Suite 400
Washington, D.C. 20007
Telephone: (202) 342-8552
Facsimile: (202) 342-8452
JGriffin@kelleydrye.com
MConway@kelleydrye.com

Their Attorneys