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ELECTRONIC FILING

Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
500 East Capital Ave.
Capitol Building, 1st Floor
Pierre, SD 57501

Re: West Telecom Services, LLC's Notice of Participation in Financing
Transactions

Dear Ms. Van Gerpen:

West Telecom Services, LLC ("West Telecom") (f/k/a Hypercube Telecom, LLC) hereby notifies the South Dakota Public Utilities Commission ("Commission") that West Telecom intends to participate in and provide its guarantee and security in connection with financing transactions being arranged by its parent West Corporation ("West"). It is West Telecom's understanding that Commission approval is not required to complete the transactions described herein. Should the Commission believe that any action is required, West Telecom respectfully requests that the Commission notify the undersigned at its earliest convenience. In support of this filing, West Telecom provides the following information:

West Telecom. West Telecom is an indirect wholly-owned subsidiary of West. West Telecom is a Delaware limited liability company located at 3200 W. Pleasant Run Road, Suite 300, Lancaster, Texas. West Telecom provides wholesale local and national tandem switching and transport services, termination services, toll-free origination services, and Direct Inbound Dial services to telecommunications and information service providers, including wireless carriers, wireline CLECs and IXCs, cable telephony providers, and VoIP providers. West Telecom was authorized to provide local exchange services and resold interexchange services in non-rural areas of South Dakota on August 7, 2001 pursuant to the Commission's Order in Dkt. No. TC01-055.

Description of the Transactions. West is subject to an Amended and Restated Credit Agreement dated as of October 5, 2010 among West, certain of its domestic subsidiaries, Wells Fargo Bank, N.A. ("Wells Fargo"), as administrative agent, and the various lenders party thereto (the "Credit Agreement"). On June 17, 2016, West, certain domestic subsidiaries of West, as subsidiary borrowers, Wells Fargo and the various lenders party thereto entered into Amendment

No. 7 to the Amended and Restated Credit Agreement (the “Seventh Amendment”), amending the Credit Agreement. (The Credit Agreement, as amended by the Seventh Amendment, is referred to herein as the “Amended Credit Agreement”).¹ The Amended Credit Agreement, *inter alia*, refinanced prior indebtedness, provided credit to prepay other existing indebtedness, and provided extended credit facilities. Under the terms of the Amended Credit Agreement, West will obtain the commitment of certain West subsidiaries, including West Telecom, to execute documents to secure and guarantee the Amended Credit Agreement. (Amended Credit Agreement, § 6.11).

West is also subject to an Indenture dated as of July 1, 2014, among West, the guarantors named on the signature pages thereto, and The Bank of New York Mellon Trust Company, N.A., as Trustee, with respect to certain Senior Notes of \$1,000,000,000 aggregate principal amount bearing an interest rate of 5.375% due July 15, 2022 (“2022 Senior Notes Indenture”).² Under the terms of the 2022 Senior Notes Indenture, West Telecom would be one of several guarantors of the indebtedness. (2022 Senior Notes Indenture, Ex. D, Form of Supplemental Indenture to Be Delivered by Subsequent Guarantors).

In addition, West is subject to an Indenture dated as of June 17, 2016, among West, the guarantors named on the signature pages thereto, and U.S. Bank, National Association, as Trustee and Collateral Agent, with respect to certain Senior Secured Notes of \$400,000,000 aggregate principal amount bearing an interest rate of 4.75% due July 15, 2021 (“2021 Senior Secured Notes Indenture”).³ Under the terms of the 2021 Senior Secured Notes Indenture, West Telecom would be one of several guarantors of the indebtedness. (2021 Senior Secured Notes Indenture, Ex. D, Form of Supplemental Indenture to Be Delivered by Subsequent Guarantors).

These security interests and guarantees are common commitments in a corporation such as West with several operating subsidiaries, and they permit West and its subsidiaries to leverage their borrowing capacity to obtain better financing terms and conditions than they would be able to obtain if each subsidiary were to negotiate independently for financing.

Public Interest Considerations. The aforementioned financing will serve the public interest by enhancing the ability of West Telecom, through its relationship to West, to secure more favorable financing terms and conditions than it could achieve on its own. This access to debt at more favorable terms will allow West Telecom to grow and compete in the highly competitive markets for telecommunications services in South Dakota and nationwide. The financing transactions are not expected to have any direct effect upon West Telecom’s rates, nor to have any adverse effect upon West Telecom’s services. Moreover, consummation of the transactions will not result in any change in control of West Telecom. Instead, the financing will provide

¹ A copy of the Amended Credit Agreement is available at:
<http://files.shareholder.com/downloads/WTSC/2750330251x0xS1193125-16-627925/1024657/filing.pdf>

² A Copy of the 2022 Senior Notes Indenture is available at:
<http://files.shareholder.com/downloads/WTSC/2750330251x0xS1193125-14-260828/1024657/filing.pdf>

³ A copy of the 2021 Senior Secured Notes Indenture is available at:
<http://files.shareholder.com/downloads/WTSC/2750330251x0xS1193125-16-627925/1024657/filing.pdf>

West and its subsidiaries, including West Telecom, with the financial resources needed to further grow and expand their businesses.

West Telecom competes in South Dakota and other markets with numerous other local exchange carriers, interexchange carriers and enhanced service providers, as well as the incumbent local exchange carrier and their affiliates. Because West Telecom is a non-dominant carrier, it is not subject to rate of return regulation and its capital structure should not be a matter of concern to the Commission. In addition, because of the highly competitive environment in which it operates, the rates charged to customers are subject to market discipline and the services offered generally are available from numerous other carriers. As a result, West Telecom's source of funds and capital structure have little effect on customers in South Dakota or elsewhere. In the unlikely event that West Telecom's capital structure becomes too costly, leading to an increase in its rates, customers may simply migrate to other carriers with more competitive rates. Thus, any adverse consequences that might arise from financing decisions such as described above would not impact West Telecom's customers, while any favorable consequences will benefit consumers both through improved service offerings and competitive standing.

Moreover, as the Commission has recognized and asserted on many occasions, the public interest in South Dakota is best served by assuring the presence of numerous telecommunications competitors. Towards that goal, it is important to provide such competitors with the flexibility to arrange financing in the manner they deem most appropriate to carry on their businesses provided 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 South Dakota to seek a more favorable regulatory environment elsewhere, neither of which developments would enhance the public interest. In contrast, approving the access of competitive carriers to adequate and flexible financing arrangements such as discussed in this filing will measurably benefit South Dakota consumers.

Should you have any questions regarding this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,



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Enclosures: As stated