



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED)
JOINT PETITION OF PAC-WEST)
TELECOMM, INC., PAC-WEST)
ACQUISITION COMPANY LLC AND)
PAC-WEST FUNDING COMPANY LLC)
FOR APPROVAL OF TRANSFER OF)
CONTROL OF PAC-WEST TELECOMM)

ORDER OF APPROVAL

DOCKET NO. TM06120848

(SERVICE LIST ATTACHED)

BY THE BOARD:

On December 8, 2006, Pac-West Telecomm, Inc (Pac-West), Pac-West Acquisition Company LLC (PWAC) and Pac-West Funding Company LLC (PWFC and collectively Petitioners), pursuant to N.J.S.A. 48:2-51.1, 48:3-7, 48:3-9 and 48:3-10, filed a petition for the Board's approval of a proposed transaction resulting in the transfer of control of Pac-West to PWAC, a wholly owned subsidiary of Columbia Ventures Corporation (CVC), through the conversion of non-voting, preferred stock of Pac-West owned by PWAC into voting common stock in Pac-West. Upon consummation of the transaction, Pac-West will continue to offer services at the same terms, rates and conditions that it currently provides such services in the State. The proposed transaction will be transparent to customers.

BACKGROUND

Pac-West is a publicly traded, California corporation with its principal place of business located in Stockton, California. According to the petition, Pac-West, and its predecessor, began offering long distance service in 1982 and local service in 1996. Currently, Pac-West provides network services to Internet Service Providers, Voice over Internet Protocol (VOIP) providers, enhanced service providers (ESP's) and other wholesale customers who provide communication services to their end users. In New Jersey, Pac-West is authorized to provide local exchange and interexchange telecommunications services. See Order I/M/O the Petition of Pac-West Telecomm, Inc. for Authority to Provide Facilities Based Local Exchange Services and Inter-Exchange Telecommunications Services Throughout New Jersey, Docket No. TE05090779, dated December 2, 2005. Currently, Pac-West has no employees or customers in New Jersey.

PWAC is a Washington limited liability company with principal offices in Vancouver, Washington. PWAC is a wholly owned subsidiary of CVC and was formed for the sole purpose of making the proposed investment in Pac-West and will be a holding company for Pac-West following the completion of the transaction. PWFC is a Washington limited liability company with principal offices in Vancouver, Washington. According to the petition, PWFC was formed for the purpose

of refinancing certain of Pac-West's existing debt obligations and is a wholly owned subsidiary of CVC.

CVC is an investment company that owns and operates a portfolio of telecommunications companies and a small number of manufacturing businesses. One Communications Corp., a subsidiary of CVC is a holding company which owns thirty-three CLECs (One Subsidiaries) that provide telecommunications services to small, medium and large business predominantly in the Northeast, Mid-Atlantic and upper Mid-West regions. Some of One Subsidiaries Service offerings include local, long distance, toll free services, frame relay, private line, DSL, VPN, ATM and Internet access.

According to the petition, on November 15, 2006, without Board approval, Pac-West Telecomm, Inc. Pac-West and PWAC entered into a Preferred Stock Purchase Agreement. In this agreement, PWAC purchased shares of a newly designated non-voting and convertible Preferred Stock. In addition, PWFC, purchased Pac-West's senior secured credit facility from Comerica Bank. At the time of purchase, the credit facility had an outstanding balance of \$8.8 million. Following the purchase, the loan commitment was increased to \$24 million consisting of an \$8 million revolving credit and a \$16 million term loan ("Amended and Restated Loan and Security Agreement").

Control of Pac-West was not transferred to PWAC or PWFC as a result of the Preferred Stock purchase or the purchase of the Amended and Restated Loan and Security Agreement. In this Petition, Petitioners request Board approval *nunc pro tunc* to the extent necessary pursuant to N.J.S.A. 48:3-9, for the issuance of non-voting Preferred Stock to PWAC and for the Amended and Restated Loan and Security Agreement. Petitioners state that absent these transactions, Pac-West would have been faced with a decision to file for bankruptcy protection and liquidation, which would have had extremely adverse consequences for its employees and investors and resulted in a discontinuance of service to its customers.

In addition to the requests above, PWAC, which does not own any common or other voting stock of Pac-West, is requesting Board approval to acquire direct control of Pac-West through conversion of the recently non-voting preferred stock of Pac-West owned by PWAC into common stock of Pac-West. Upon completion, Pac-West would own approximately 95% of the common stock of Pac-West on a fully diluted basis and therefore would be a direct subsidiary of PWAC and an indirect subsidiary of CVC.

Petitioners state that the approval of this petition for the proposed transaction will not result in a change in the day-to-day management of Pac-West and that customers will continue to be offered services at the same terms, rates and conditions that it currently provides such services in the State. The proposed transaction will be transparent to customers.

The Board would be remiss if it failed to note that Petitioners closed upon this transaction without Board approval. It would be well within the Board's authority to sanction the company or take other steps, including requiring reversal of the transaction and placing the parties to their positions as if the action never occurred. Failure to secure Board approval was a risky proposition, and one the Board strongly recommends that neither this Petitioner nor other regulated entities engage in lightly. Nevertheless, because the transaction here appears to conform with the Board's requirements, and in light of the claim by the Petitioners that the speed was necessary to forestall bankruptcy proceedings, the Board will consider the request for approval on its merits.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board concludes that, there will be no negative impact on service quality to New Jersey customers or the rates they pay. Nor will there be a negative impact on competition. Moreover, a positive benefit may be expected from the strengthening of Pac-West's competitive posture in the telecommunications market.

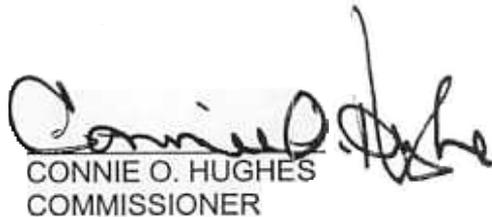
Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with law and in the public interest. The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction promptly upon consummation of the transfer. The Board FURTHER ORDERS that the approval in this Order shall become null and void and of no effect to the extent it has not been exercised prior to August 30, 2007.

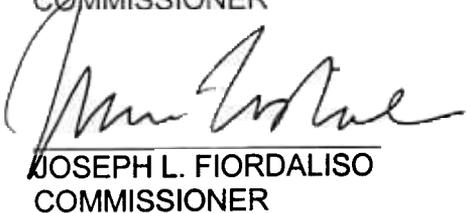
DATED: 2/7/07

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

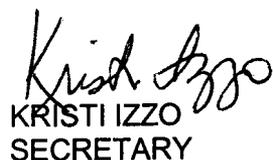

FREDERICK F. BUTLER
COMMISSIONER


CONNIE O. HUGHES
COMMISSIONER

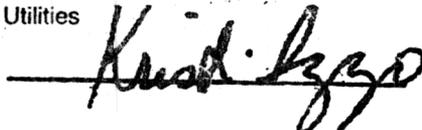

JOSEPH L. FIORDALISO
COMMISSIONER


CHRISTINE V. BATOR
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



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