

NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company

Attorneys at Law

3500 North Causeway Boulevard

Suite 1442

Metairie, Louisiana 70002

Telephone: (504) 832-1984

Facsimile: (504) 831-0892

Leon L. Nowalsky
Benjamin W. Bronston
Edward P. Gothard

Monica Borne Haab
Philip R. Adams, Jr.

April 18, 2007

RECEIVED

APR 27 2007

PUBLIC SERVICE
COMMISSION

VIA OVERNIGHT DELIVERY

Executive Secretary
Kentucky Public Utilities Commission
211 Sower Boulevard
Frankfort, KY 40602

Re: Notice of Indebtedness

Dear Sir or Madam:

This letter is filed on behalf of Vanco Direct USA, LLC ("Vanco") which is authorized to provide resold interexchange and local services in this State. The purpose of the letter is to inform the Commission of a transaction whereby Lloyds TSB Bank plc will make available to Vanco and certain of its affiliates, the sum of 100 million pounds Sterling (approximately \$200 million) which will be secured by the guarantee of Vanco, a security interest in Vanco's assets and a pledge of Vanco's membership interests.

The subject transaction will not result in a change of control of any entity. The transaction will enable Vanco to achieve better liquidity and capitalization, which in turn, will enhance its ability to provide quality services to customers of this State at competitive prices, thereby serving the public interest.

Vanco is a Delaware limited liability company with principal offices located at 200 S. Wacker Drive, Suite 1600, Chicago, Illinois, 60606. As previously stated, Vanco is authorized to provide resold interexchange and local services in this State.¹

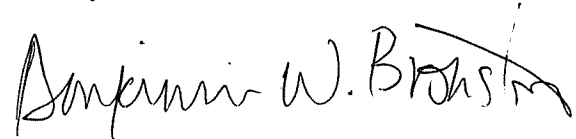
This letter is filed for informational purposes to keep the Commission abreast of the financial activities of Vanco. It is our understanding that no action by the Commission is necessary.

¹ Vanco's authorization to provide resold interexchange and local services in this State was granted on 7/18/05, IXC 22205492, CLEC 5054920.

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Enclosed are an original and ten (10) copies of this letter. Please return one (1) of the copies file-stamped in the envelope provided. Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Benjamin W. Bronston". The signature is written in a cursive style with a prominent initial 'B' and a long horizontal stroke at the end.

Benjamin W. Bronston
(713) 355-1798