



Agenda Date: 12/12/16
Agenda Item: IVB

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CABLE TELEVISION &
TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION)
OF ONVOY, LLC, BROADVOX-CLEC, LLC AND ANPI,)
LLC FOR APPROVAL TO EXPAND THEIR FINANCING)
ARRANGEMENTS) DOCKET NO. TF16100996

Parties of Record:

Dennis C. Linken, Esq., Scarinci & Hollenbeck, LLC, on behalf of Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On October 20, 2016, Onvoy, LLC ("Onvoy"), Broadvox-CLEC, LLC ("BV-CLEC") and ANPI, LLC ("ANPI") (collectively, the "Petitioners") submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:3-7 and 48:3-9 requesting Board approval for Petitioners to expand their existing authority to participate in financing arrangements by \$100 million to an aggregate amount of \$250 million.

BACKGROUND

Onvoy is a Minnesota limited liability company with a principal office at 10300 6th Avenue North, Plymouth, Minnesota 55441. Onvoy is an indirect, wholly owned subsidiary of GTCR Onvoy Holdings LLC as of April 29, 2016 pursuant to Board authorization granted in I/M/O the Verified Joint Petition of Communications Infrastructure Investments, LLC, Transferor, Onvoy, LLC, Broadvox-CLEC, LLC and GTCR Holdings LLC for Approval of the Transfer of Control of Onvoy, LLC and Broadvox-CLEC, LLC to GTCR Onvoy Holdings, LLC, Docket No. TM16010041, Order dated March 18, 2016.¹ Onvoy has provided telecommunications services since 1988. Onvoy provides primarily wholesale local exchange and long distance services, switched access, transit and other services to other carriers and communications providers. Onvoy and/or one or more of its subsidiaries is authorized to provide intrastate telecommunications services in the District of Columbia and in every U.S. state. In New Jersey, Onvoy is authorized to provide resold and facilities-based local exchange, interexchange, exchange access and private line telecommunications services pursuant to Board authorization

¹ In connection with this transfer of control of Licensees, Onvoy and BV-CLEC, to the Transferee, GTCR (the "GTCR Transaction"), financing arrangements in an aggregate amount of up to \$150 million were undertaken.

granted in I/M/O the Verified Petition of Onvoy, Inc. for Authorization to Provide Resold and Facilities-Based Local Exchange, Interexchange, Exchange Access and Private Line Telecommunications Services Throughout the State of New Jersey, Docket No. TE13100935, Order dated December 18, 2013. Onvoy is also authorized by the FCC to provide domestic and international telecommunications services.

BV-CLEC is a Delaware limited liability company and a direct, wholly owned subsidiary of Onvoy. BV-CLEC provides access to the public switched telephone network, telephone numbers and other functionalities to its VoIP-provider affiliate, Broadvox, LLC ("BV-LLC"). In New Jersey, BV-CLEC is authorized to provide: (1) local exchange telecommunications services pursuant to the Order issued by the Board in I/M/O the Petition of Broadvox-CLEC, LLC for Authority to Provide Local Exchange Services In New Jersey, Docket No. TE09020172, Order dated April 27, 2009; and (2) resold interexchange and local exchange services pursuant to its Authorized Resale Carrier Letter of Acknowledgement dated February 25, 2009. BV-CLEC is also authorized by the FCC to provide domestic and international telecommunications services.

ANPI is a Delaware limited liability company and a direct, wholly owned subsidiary of ANZ Communications, LLC ("ANZ"),² a Delaware limited liability company, which in turn is a wholly owned subsidiary of Onvoy.³ ANPI provides wholesale interexchange service throughout the United States, and is authorized to provide competitive local exchange service in a limited number of states. In New Jersey, ANPI is authorized to provide: (1) resold and facilities-based competitive local exchange and interexchange telecommunications services pursuant to the Order issued by the Board in I/M/O the Petition of ANPI, LLC for Authority to Provide Local Exchange and Interexchange Telecommunications Services in the State of New Jersey, Docket No. TE12080759, Order dated December 19, 2012; and (2) resold telecommunications services on a wholesale, carrier-to-carrier basis pursuant to its Authorized Resale Carrier Letter of Acknowledgement dated April 12, 2012. ANPI is also authorized by the FCC to provide interstate and international telecommunications services.

DISCUSSION

Petitioners seek Board approval for Onvoy, BV-CLEC and ANPI to expand their existing authority to enter into or participate in financing arrangements.⁴ Specifically, Petitioners seek approval to enter into new, amended and restated financing arrangements up to an aggregate amount of \$250 million (the "Financing Arrangements"), including the \$150 million previously authorized by the Board. Petitioners expect that any long-term indebtedness incurred as part of the financing will mature up to ten years after issuance, depending on the type of debt

² ANZ is a holding company and does not directly hold any authorizations or provide any telecommunications services.

³ A wholly owned direct subsidiary of ANZ, ANPI Business, LLC, is registered in New Jersey to provide resold local exchange, interexchange and VoIP services pursuant to letters of notification dated September 19, 2000 and September 7, 2012. ANPI Business, LLC is a Delaware limited liability company.

⁴ The Board authorized Petitioners to participate in financing arrangements in an aggregate amount of \$150 million, with flexibility within that aggregate amount to negotiate particular market-based terms within the range described by petition. In the Matter of the Verified Joint Petition of Onvoy, LLC, Broadvox-CLEC, LLC and GTCR Onvoy Holdings LLC for Approval for Onvoy, LLC and Broadvox-CLEC, LLC to Participate in Certain Financing Arrangements, Docket No. TF16010040, Order dated March 18, 2016; In the Matter of the Verified Joint Petition of Onvoy, LLC and ANPI, LLC for Approval for ANPI, LLC to Participate in Certain Financing Arrangements, Docket No. TF16040385, Order dated June 29, 2016. Petitioners currently participate in financing arrangements in the outstanding principal amount of approximately \$123.875 million.

instrument. Interest rate(s) will be set according to market conditions at issuance and may be fixed or floating, or a combination thereof, depending on the type of debt. Some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets of Onvoy and its current and future subsidiaries, including BV-CLEC and ANPI. A portion of the Financing Arrangements may be unsecured facilities. For the secured facilities, the equity of Onvoy and its current and future subsidiaries may be pledged as additional security. Additionally, Onvoy's current and future subsidiaries, including BV-CLEC and ANPI, may provide a guaranty as security for the full aggregate amount of the Financing Arrangements. The Financing Arrangements may be used for acquisitions, refinancing existing debt, working capital requirements and general corporate purposes of the company.

In order to maintain adequate flexibility, Petitioners therefore seek authority to increase the aggregate amount of the financings and thereby to each incur debt, as borrower, co-borrower or guarantor and pledge their assets as security for Financing Arrangements up to an aggregate amount of \$250 million consistent with the parameters outlined above.

In the Joint Petition, the Petitioners state that the Financing Arrangements will serve the public interest in promoting competition among telecommunications carriers by providing Onvoy and its subsidiaries access to greater financial resources that will allow them to compete more effectively with larger telecommunications providers. Petitioners state that among other things, the Financing Arrangements may be used to fund some or all of the purchase price for future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital and for other corporate purposes. Petitioners state the Financing Arrangements are necessary and appropriate, are consistent with the performance by Petitioners of their services to the public, will not impair their ability to perform such services and will promote their corporate purposes. Petitioners assert the Financing Arrangement will be transparent to the customers of Petitioners and will not disrupt service or cause customer confusion or inconvenience.

Under N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its New Jersey employees. Petitioners have indicated that Onvoy and its subsidiaries have two employees in New Jersey. Petitioners assert they do not offer an employee pension plan, but that their employees do have other retirement benefits that they will retain upon completion of the financing arrangements.

The Division of Rate Counsel has reviewed this matter and, by letter dated October 27, 2016, stated that it does not object to approval of the Petition. Specifically, Rate Counsel notes that the Petitioners have provided all the information required under the applicable statute and the Board's regulations, and that Petitioners claim that the financing contemplated is not contrary to the public interest and will serve a beneficial purpose for New Jersey customers.

FINDINGS AND CONCLUSIONS

After careful review of this matter, the Board **FINDS** that the proposed Financing Arrangements will not have a negative impact on competition, the rates of current customers, or New Jersey employees. Therefore, after investigation and consideration of the record and information submitted in this proceeding, the Board **FINDS** that the Financing Arrangements are in accordance with the law and in the public interest, and **HEREBY AUTHORIZES** Petitioners to participate in Financing Arrangements up to an aggregate amount of \$250 million, and to take those actions necessary to effectuate such Financing Arrangements.

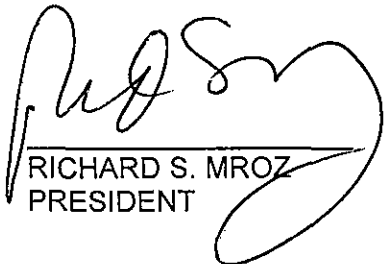
This Order is issued subject to the following provisions:

1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioners.
2. Petitioners shall notify the Board, within five business days, of any material changes in the proposed financing and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.
3. Petitioners shall notify the Board of any material default in the terms of the proposed financing within five business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transaction or other supporting documents, a default or assignment under such documents shall not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.

This Order shall become effective on December 22, 2016.

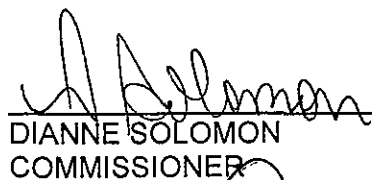
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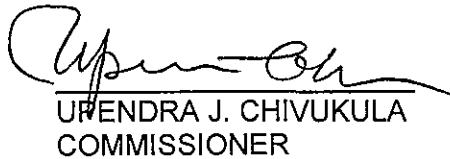
BOARD OF PUBLIC UTILITIES
BY:

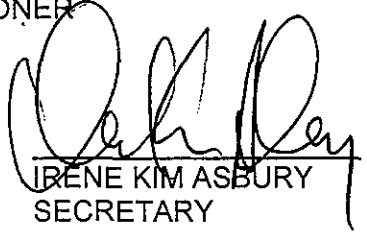

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

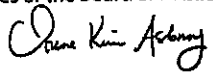

MARYANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UWENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
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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LLC AND ANPI, LLC FOR APPROVAL TO EXPAND THEIR FINANCING ARRANGEMENTS
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