



Agenda Date: 6/29/23
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

OFFICE OF CABLE
TELEVISION AND
TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF)
ONVOY, LLC, BROADVOX-CLEC, LLC, ANPI, LLC, AND)
NEUTRAL TANDEM-NEW JERSEY, LLC, LICENSEES,)
AND SINCH AB (PUBL) FOR APPROVAL FOR)
LICENSEES TO PARTICIPATE IN CERTAIN)
FINANCING ARRANGEMENTS) DOCKET NO. TF22070416

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Dennis C. Linken & Stan Barrett, Esq., Scarinci & Hollenbeck, LLC on behalf of Petitioners

BY THE BOARD:

On July 1, 2022, Onvoy, LLC (“Onvoy”), Broadvox-CLEC, LLC (“BV-CLEC”), ANPI, LLC (“ANPI”), and Neutral Tandem-New Jersey, LLC (“Neutral Tandem”) (collectively, “Licensees”) and Sinch AB (publ) (“Sinch AB” and, together with the Licensees, “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 Licensees to participate in certain financing arrangements of their corporate parents and affiliates (“Petition”).

BACKGROUND

The Petition was filed in connection with the financing relating to the consummation of the transfer of indirect control of Licensees to Sinch US Holdings Inc. (“Sinch US”) approved by the Board by Order dated June 9, 2021 in Docket No. TM21040704.¹ As part of that transaction, pursuant to the Stock Purchase Agreement, dated February 16, 2021, by and among GTCR Onvoy Holdings LLC (“Parent”), Sinch US, and Sinch AB, Sinch US acquired all of the issued and outstanding shares of common stock of Onvoy Holdings, Inc. (“Transaction”). As a result of the Transaction,

¹ In the Matter of the Verified Joint Petition of GTCR Onvoy Holdings LLC, Transferor, Onvoy, LLC, Broadvox-CLEC, LLC, ANPI, LLC, and Neutral Tandem-New Jersey, LLC Licensees, and Sinch US Holding Inc., Transferee for Approval of the Indirect Control of Licensees to Transferee, BPU Docket TM21040704, Order dated June 9, 2021 (“June 2021 Order”).

Onvoy Holdings, Inc. (“Onvoy Holdings”) became a direct, wholly owned subsidiary of Sinch US. Licensees remain indirect subsidiaries of Onvoy Holdings, and as a result of the Transaction, became indirect subsidiaries of Sinch US.

Sinch US is a Delaware corporation and a wholly-owned direct subsidiary of Sinch Holding AB, which is in turn a wholly-owned direct subsidiary of Sinch AB. Sinch AB is a publicly traded company headquartered in Stockholm, Sweden. According to the Petition, Sinch AB is a global leader in the markets for communications-platform-as-a-service (“CPaaS”) and mobile customer engagement. Through its operating subsidiaries, Sinch AB is a global communications services provider with employees in 30 countries, serving enterprise customers, cloud platforms, application service providers, wholesale communications providers, and mobile operators. Neither Sinch AB nor Sinch US have employees located in New Jersey. Licensees have a principal executive office at 550 W. Adams Street, Suite 900, Chicago, Illinois.

Onvoy is a Minnesota limited liability company and direct, wholly owned subsidiary of Onvoy Intermediate Holdings, Inc., a Delaware corporation that is a direct, wholly owned subsidiary of Onvoy Holdings, a Delaware corporation that is a direct, wholly owned subsidiary of Parent. The other Licensees are direct or indirect, wholly owned subsidiaries of Onvoy.

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, Puerto Rico, the U.S. Virgin Islands, 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 granted on December 18, 2013.² Finally, Onvoy provides access to the public switched telephone network, telephone numbers and other functionalities on a wholesale basis to VoIP providers.

BV-CLEC is a Delaware limited liability company and a direct, wholly owned subsidiary of Onvoy. BV-CLEC offers access to the public switched telephone network, telephone numbers, and other functionalities on a wholesale basis to VoIP providers, carriers, and other communications providers. In New Jersey, BV-CLEC is authorized to provide local exchange telecommunications services pursuant to the Order issued by the Board on April 27, 2009.³ BV-CLEC is also authorized by the Federal Communications Commission (“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”), a Delaware limited liability company, which in turn is a wholly owned subsidiary of Onvoy. ANPI provides wholesale interexchange service throughout the United States, and is authorized to provide competitive local exchange service in a number of states. In New Jersey, ANPI is authorized to provide resold and facilities-based competitive local

² In re Onvoy, Inc. Petition for Authority to Provide Local Exchange, Exchange Access, Interexchange and Provide Line Telecommunications Services throughout the State of New Jersey, BPU Docket TE13100935, Order dated December 18, 2013. The Board originally granted authorization to Onvoy, Inc., which later converted from a Minnesota corporation to a Minnesota limited liability company with the name “Onvoy, LLC.” Onvoy notified the Board of the conversion via letter dated June 29, 2014.

³ In re the Petition of Broadvox-CLEC, LLC for Approval to Provide Local Exchange Telecommunications Services throughout the State of New Jersey, BPU Docket TE09020172, Order dated April 27, 2009.

exchange and interexchange telecommunications services pursuant to Board Order dated December 19, 2012.⁴ ANPI is also authorized by the FCC to provide interstate and international telecommunications services.

Neutral Tandem, a Delaware limited liability company, is a direct, wholly owned subsidiary of Inteliquent, Inc. (“Inteliquent”), which is in turn a direct, wholly owned subsidiary of Onvoy. Neutral Tandem and its affiliates provide intrastate telecommunications services throughout the United States. In New Jersey, Neutral Tandem is authorized provide facilities-based competitive local exchange and interexchange telecommunications services pursuant to Board Order issued on March 3, 2004.⁵ Inteliquent is authorized by the FCC to provide interstate and international telecommunications services.

Additional information concerning Licensees’ technical, managerial and financial qualifications was submitted to the Board in Docket No. TM21040704 and is therefore already a matter of public record.

By the Petition, Petitioners seek Board approval for Licensees to participate in new, amended and restated financing arrangements (“Financing Arrangements”) up to an aggregate amount of \$1 billion. The Financing Arrangements are in connection with, among other purposes, the consummation of the transfer of indirect control of Licensees to Sinch US, as authorized by the June 2021 Order, whereby Sinch US acquired all of the issued and outstanding shares of common stock of Onvoy Holdings.⁶

Sinch US expects that the Financing Arrangements may include one or more of the following debt instruments: notes or debentures (including notes convertible into equity and private notes that may be exchanged for public notes); conventional credit facilities, such as revolving credit facilities and term loans; letters of credit; and bridge loans; or a combination thereof. Since the Financing Arrangements are being made between affiliated companies, the terms and conditions applicable to the debt instruments were negotiated on an arms-length basis. This included engaging a third-party expert to analyze current market rates for loans of this type in order to determine the appropriate interest rate and maturity date that will apply to the Financing Arrangements (“Third-Party Study”). The Financing Arrangements may be used for acquisitions, including the Transaction, and repaying existing debt of Onvoy and its subsidiaries, refinancing existing debt, working capital requirements, and general corporate purposes of the company. Sinch US currently expects that Onvoy will be the borrower. In order to maintain flexibility, Petitioners seek authorization for each Licensee to be a borrower or a co-borrower under the Financing Arrangements. Sinch AB will be the lender under the Financing Arrangements.

In the Petition, the Petitioners contend that the Financing Arrangements will serve the public interest because the Financing Arrangements are an integral part of the Transaction, which the Board found is not contrary to the public interest in the June 2021 Order, and will enhance competition among telecommunications carriers by providing Onvoy and its subsidiaries,

⁴ In re the Petition of ANPI, LLC for Authority to Provide Local Exchange and Interexchange Telecommunications Services in the State of New Jersey, BPU Docket TE12080759, Order dated December 19, 2012.

⁵ In re the Petition of Neutral Tandem-New Jersey, LLC for Authority to Provide Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey, BPU Docket TE04010010, Order dated March 3, 2004.

⁶ June 2021 Order.

including Licensees, access to additional financial resources. Among other things, the Financing Arrangements may be used to fund future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital and for other corporate purposes. Petitioners asserted that the Financing Arrangements are necessary and appropriate, are consistent with the performance by Licensees of their services to the public, will not impair their ability to perform such services, and will promote their corporate purposes. Petitioners further contended that the Financing Arrangements will be transparent to the customers of Licensees and will not disrupt service or cause customer confusion or inconvenience.

Petitioners further stated that 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 New Jersey Division of Rate Counsel (“Rate Counsel”) reviewed this matter and, by letter dated May 30, 2023, stated that it does not object to Board approval of the Petition, provided that: 1) the Petitioners comply with the filing requirements imposed by N.J.A.C. 14:1-5.9(b); and 2) none of the Licensees operating in New Jersey pledge their assets as collateral for the Financing Arrangements. Rate Counsel anticipates the funds generated by the Financing Arrangements would enable Petitioners to continue to provide innovative, high quality telecommunication services in the New Jersey telecommunications market.

Board Staff’s review indicates that the Financing Arrangements and the proposed use of the proceeds associated therewith are appropriate. While there is no guarantee in this regard, especially given the competitive environment in which Petitioners operate, Board Staff is satisfied that the Financing Arrangements will not have an adverse impact on the operations of Petitioners in New Jersey.

DISCUSSION AND FINDINGS

The Board, after investigation, having considered the Petition, as well as the comments of Rate Counsel and Board Staff, **HEREBY FINDS** that Licensees’ participation in the Financing Arrangements is in accordance with law, in the public interest, and will have no negative impact on competition, the Petitioners and their rates, customers or New Jersey employees. The Board, pursuant to N.J.A.C. 14:1-5.9A and N.J.S.A. 48:3-9, approving of the purposes of the Financing Arrangements, **HEREBY AUTHORIZES** Petitioners to participate in Financing Arrangements, and to take those actions necessary to effectuate such Financing Arrangements.

This Order is issued subject to the following provisions:

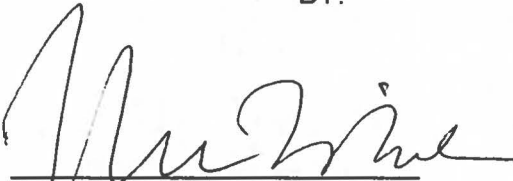
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioners.
2. Petitioners shall notify the Board, within five (5) business days, of any material changes in the proposed Financing Arrangements 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 Arrangements within five (5) business days of such occurrence.

4. Notwithstanding anything to the contrary in the documents executed pursuant to the Financing Arrangements 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.
6. None of the Licensees operating in New Jersey pledge any of their assets as collateral for the Financial Arrangements.
7. Beginning January 15, 2024, and every 6 months thereafter, Petitioners shall submit to the Board Secretary, and provide a copy to the Chief Economist, a letter report detailing each debt issuance, term loan, and use of revolving credit opened or concluded in the prior six months, along with copies of executed indentures associated with the authorization contained in this Order. The reports shall include the name of the issuing entity, issue date, amount of debt issued, the term in years, final maturity date, coupon rate, price to public, underwriters discount, net proceeds after expenses, gross proceeds before expenses, breakdown of estimated issuance costs (including, but not limited to, information such as the underwriting fees, underwriting expenses, legal fees and expenses, recordation taxes and fees, trustee fees, etc.) and any other material provision with respect to the terms and conditions of the new issuance.

This Order shall become effective on July 6, 2023.

DATED: June 29, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER



CHRISTINE GUHL-SADOVY
COMMISSIONER



MARIAN ABDOU
COMMISSIONER

ATTEST:



SHERRI L. GOLDEN
SECRETARY

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

IN THE MATTER OF THE VERIFIED PETITION OF ONVOY, LLC, BROADVOX-CLEC, LLC, ANPI, LLC, AND
NEUTRAL TANDEM-NEW JERSEY, LLC, LICENSEES, AND SINCH AB (PUBL) FOR APPROVAL FOR
LICENSEES TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS

DOCKET NO. TF22070416

SERVICE LIST

Division of Rate Counsel

140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625-0003

Brian O. Lipman, Esq., Director
blipman@rpa.nj.gov

Robert Glover, Esq.
rglover@rpa.nj.gov

Petitioners

Dennis C. Linken, Esq.
Stan Barrett, Esq.
Scarinci Hollenbeck
150 Clove Road, 9th Floor
Little Falls, NJ 07424
dlinken@sh-law.com
sbarrett@sh-law.com

Richard Monto
Inteliquent, Inc.
550 West Adams St., Suite 900
Chicago, IL 60661
richard.monto@inteliquent.com

Ronald W. Del Sesto, Jr.
Brett P. Ferenchak
Stephany Fan
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, N.W.
Washington, DC 20004-2541
ronald.delsesto@morganlewis.com
brett.ferenchak@morganlewis.com
stephany.fan@morganlewis.com

John T. Nakahata
Henry Shi
Harris, Wiltshire & Grannis, LLP
1919 M Street N.W., 8th Floor
Washington, D.C. 20036-3537
jnakahata@hwglaw.com
hshi@hwglaw.com

Tasha Robinson
Sinch AB/ Sinch US
One Alliance Center
3500 Lenox Road NE
Suite #1875
Atlanta, GA 30326
tasha.robinson@sinch.com

Board of Public Utilities

44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, NJ 08625

Sherri L. Golden, Board Secretary
board.secretary@bpu.nj.gov

Stacy Peterson, Deputy Executive Director
stacy.peterson@bpu.nj.gov

Benjamin Witherell, Ph.D., Chief Economist
benjamin.witherell@bpu.nj.gov

Lawanda R. Gilbert, Director
lawanda.gilbert@bpu.nj.gov

Christine Lin
christine.lin@bpu.nj.gov

Rocco Della Serra
rocco.dellaserra@bpu.nj.gov

Carol Artale, Deputy General Counsel
carol.artale@bpu.nj.gov

Steven Athanassopoulos, Legal Specialist
steven.athanassopoulos@bpu.nj.gov

Farhana Rahman
farhana.rahman@bpu.nj.gov

Division of Law

R.J. Hughes Justice Complex
25 Market Street
P.O. Box 112
Trenton, NJ 08625

Pamela Owen, DAG
Assistant Section Chief
pamela.owen@law.njoag.gov

Steven A. Chaplar, DAG
steven.chaplar@law.njoag.gov

Terel Klein, DAG
terel.klein@law.njoag.gov