



Agenda Date: 6/29/16
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/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION) ORDER
OF ONVOY, LLC, AND ANPI, LLC FOR APPROVAL)
FOR ANPI, LLC TO PARTICIPATE IN CERTAIN)
FINANCING ARRANGEMENTS) DOCKET NO. TF16040385

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 April 29, 2016, Onvoy, LLC (“Onvoy”) and ANPI, LLC (“ANPI”) (collectively, “Petitioners”) submitted a Joint 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 ANPI to participate in financing arrangements in an aggregate amount of up to \$150 million (the “Financing Arrangements”).¹

BACKGROUND

Onvoy is a Minnesota limited liability company with a principal office at 10300 6th Avenue North, Plymouth, Minnesota 55441. Pursuant to authorization set forth in the Board’s Order 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, Onvoy became an indirect wholly owned subsidiary of GTCR Onvoy Holdings LLC (“Parent”) (the “GTCR Transaction”) on April 29, 2016. 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 is authorized to provide intrastate telecommunications services in the District of Columbia and in every U.S. state except Alaska, Arkansas (application pending), Hawaii, Mississippi, Tennessee and Vermont (application pending). In New Jersey, Onvoy is authorized to provide resold and facilities-based local exchange, interexchange, exchange access and private line telecommunications services

¹ The Financing Arrangements are being undertaken in connection with the transfer of control of ANPI to Onvoy (the “ANPI Transaction”). A Joint Petition requesting approval of the ANPI Transaction was simultaneously filed in Docket No. TM16040386.

pursuant to Board authorization 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. In addition, Onvoy's wholly owned direct subsidiary, Broadvox-CLEC, LLC ("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. Onvoy and BV-CLEC are also authorized by the FCC to provide domestic and international telecommunications services.

ANPI is a Delaware limited liability company and currently a direct, wholly owned subsidiary of ANZ Communications, LLC ("ANZ"), a Delaware limited liability company.² ANPI and ANZ have a principal office at 3243 S. Meadowbrook Rd., Springfield, Illinois 62711. ANZ is a holding company and does not directly hold any authorizations or provide any telecommunications services. 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 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, 2012.³ ANPI, LLC is also authorized by the FCC to provide interstate and international telecommunications services.

DISCUSSION

Petitioners seek Board approval for ANPI, upon completion of the ANPI Transaction, to participate in existing, new and amended financing arrangements up to an aggregate amount of \$150 million (the "Financing Arrangements").⁴ 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 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 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

² An affiliate of ANPI, LLC, 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 and direct, wholly owned subsidiary of ANZ.

³ ANPI also is authorized to operate as a reseller of telecommunications services on a wholesale, carrier-to-carrier basis pursuant to a letter of registration dated April 12, 2012.

⁴ On March 18, 2016, the Board authorized Onvoy to enter into financing arrangements with an aggregate amount of \$150 million, with flexibility within that aggregate amount to negotiate particular market-based terms within the range described in its petition. See I/M/O 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. As a result of the GTCR Transaction, and the related financing approved by the Board in Docket No. TF16010040, Onvoy and BV-CLEC currently participate in financing arrangements with an outstanding principal amount of approximately \$90 million.

may be pledged as additional security. Additionally, Onvoy's current and future subsidiaries, including ANPI, may provide a guaranty as security for the full \$150 million in Financing Arrangements. The Financing Arrangements may be used for acquisitions -- including the purchase price for the ANPI Transaction and refinancing Onvoy's outstanding indebtedness --- refinancing of current balance, working capital requirements and other general corporate purposes of the company.

In order to maintain adequate flexibility, Petitioners seeks authority for ANPI, following completion of the ANPI Transaction, to incur debt, as a borrower, co-borrower or guarantor, and pledge its assets as security for the Financing Arrangements in an aggregate amount of \$150 million materially consistent with the parameters outlined above.

In the Joint Petition, the Petitioners state that the Financing Arrangements are an important part of the ANPI Transaction, which itself is in the public interest. Petitioners stated that the Financing Arrangements will provide Onvoy and its subsidiaries, including ANPI, with access to greater financial resources that will allow them to be more effective competitors to larger telecommunications providers. Petitioners assert that the Financing Arrangements are necessary and appropriate, are consistent with the performance by Petitioners of their services to the public, will not impair Petitioners' ability to perform such services, and will promote their corporate purposes.

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

The Division of Rate Counsel has reviewed this matter and, by letter dated May 11, 2016, stated that it does not object to approval of the Petition.

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** ANPI to participate in Financing Arrangements up to an aggregate amount of \$150 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

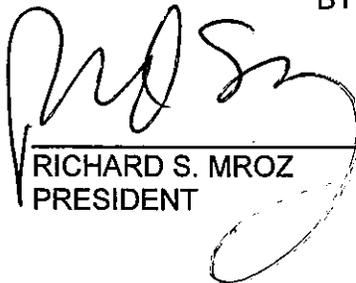
of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioners.

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 (the "Financing Documents"), a default or assignment under such Financing 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 July 9, 2016.

DATED: 6/29/16

BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



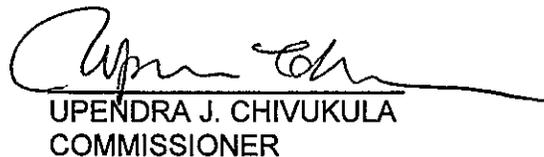
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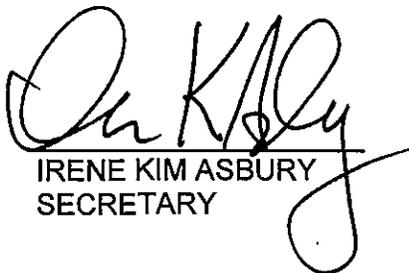


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COMMISSIONER



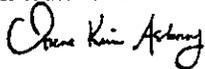
UPENDRA J. CHIVUKULA
COMMISSIONER

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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FOR APPROVAL FOR ANPI, LLC TO PARTICIPATE IN CERTAIN FINANCING
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DOCKET NO. TF16040385

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