



Agenda Date: 1/25/17
Agenda Item: IVD

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 AND
TELECOMMUNICATIONS

IN THE MATTER OF VERIFIED JOINT PETITION OF) ORDER
ONVOY, LLC, BROADVOX-CLEC, LLC, ANPI, LLC,)
AND NEUTRAL TANDEM-NEW JERSEY, LLC FOR (1))
ONVOY, LLC, BROADVOX-CLEC, LLC, AND ANPI,)
LLC TO EXPAND THEIR FINANCING)
ARRANGEMENTS AND (2) FOR NEUTRAL TANDEM-)
NEW JERSEY, LLC TO PARTICIPATE IN CERTAIN)
FINANCING ARRANGEMENTS UPON COMPLETION)
OF THE TRANSFER OF INDIRECT CONTROL OF)
NEUTRAL TANDEM-NEW JERSEY, LLC TO ONVOY,)
LLC) DOCKET NO. TF16111079

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 November 10, 2016, Onvoy, LLC ("Onvoy"), Broadvox-CLEC, LLC ("BV-CLEC"), ANPI, LLC ("ANPI"), and Neutral Tandem-New Jersey ("Neutral Tandem") (BV-CLEC, ANPI and Neutral Tandem collectively referred to as "Licensees" and, together with Onvoy, 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 Onvoy, BV-CLEC, and ANPI to expand their financing arrangements, and for Neutral Tandem to participate in the financing arrangements upon completion of the transfer of indirect control of Neutral Tandem to Onvoy (the "Inteliquent Merger" and, collectively, the "Transactions").¹

¹ A joint petition, bearing BPU Docket No. TM16111078, requesting approval of a transfer of indirect control of Neutral Tandem-New Jersey LLC to Onvoy, LLC, was simultaneously filed on November 14, 2016 with the joint petition in this matter. I/M/O the Verified Joint Petition of Onvoy, LLC, Neutral Tandem-New Jersey, LLC, and Inteliquent, Inc. for the Transfer of Indirect Control of Neutral Tandem-New Jersey, LLC to Onvoy, LLC, Order dated January 25, 2017.

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" and 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 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 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 In the Matter of 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 In the Matter of 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.

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.

Neutral Tandem, a Delaware limited liability company, is a direct, wholly-owned subsidiary of Inteliquent, Inc. ("Inteliquent") with a principal office at 550 W Adams St, 9th Floor, Chicago, IL 60661. 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 the Order issued by the Board in In the Matter of the Petition of Neutral Tandem-New Jersey, LLC for Authority to Provide Local Exchange and Interexchange Telecommunications Services throughout the State of New Jersey, Docket No. TE04010010 (Order dated March 3, 2004). Inteliquent is authorized by the FCC to provide interstate and international telecommunications services.

DISCUSSION

Onvoy, BV-CLEC, and ANPI (the "Onvoy Entities") seek Board approval to expand their existing authority to enter into or participate in new, amended and restated financing arrangements up to an aggregate amount of \$800 million (the "Financing Arrangements").⁴ Petitioners also seek approval for Neutral Tandem to participate in the Financing Arrangements, only upon completion of the Inteliquent Merger. 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 BV-CLEC, ANPI, and Neutral Tandem. 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, ANPI, and Neutral Tandem, may provide a guaranty as security for the full aggregate amount of the Financing Arrangements. The Financing Arrangements may be used for acquisitions, including the Inteliquent Merger, refinancing existing debt of Onvoy and its acquisitions, working capital requirements and general corporate purposes of the company.

In order to maintain adequate flexibility, Petitioners therefore seek authority for Onvoy, BV-CLEC, ANPI and, following consummation of the Inteliquent Merger, Neutral Tandem 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 \$800 million consistent with the parameters outlined above.

Petitioners assert that the Financing Arrangements will serve the public interest in promoting competition among telecommunications carriers by providing access to greater financial resources that will allow Onvoy and its post-merger subsidiaries, including Licensees, to become more effective competitors to 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 the Inteliquent Merger and future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital and for other corporate purposes. Petitioners

⁴ The Board has authorized the Onvoy Entities to enter into, or participate in, financing arrangements with an aggregate amount of \$250 million, with flexibility within that aggregate amount to negotiate particular market-based terms within the range described in their petitions in an Order issued in Docket No. TF16100996 dated December 12, 2016. The Onvoy Entities currently participate in financing arrangements with an outstanding principal amount of approximately \$123.875 million.

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 Arrangements 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 they have in aggregate 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 December 23, 2016, stated that it had no objection to the relief requested in the petition. Rate Counsel further indicates that the funds generated will enable Petitioners to continue providing innovative, high quality telecommunications services in the New Jersey telecommunications market.

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. The record 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 Petitioners operate, the Board is satisfied that the transactions will not have an adverse impact on Petitioners' operations in New Jersey. 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** (1) Onvoy, BV-CLEC, and ANPI to participate in Financing Arrangements up to an aggregate amount of \$800 million, and to take those actions necessary to effectuate such Financing Arrangements and (2) Neutral Tandem to participate in the Financing Arrangements following completion of the transfer of indirect control of Neutral Tandem to Onvoy.

This Order is issued subject to the following provisions:

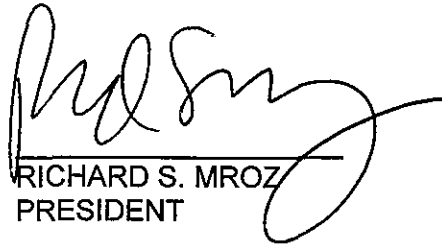
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting 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.

The Order shall become effective on February 4, 2017.

DATED: 1/25/17

BOARD OF PUBLIC UTILITIES
BY:



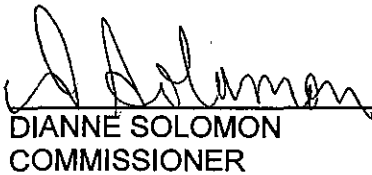
RICHARD S. MROZ
PRESIDENT



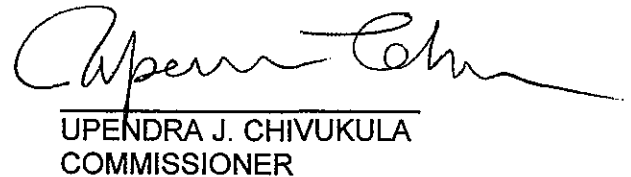
JOSEPH L. FIORDALISO
COMMISSIONER




MARY-ANNA HOLDEN
COMMISSIONER



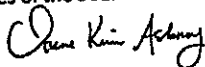
DIANNE SOLOMON
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UPENDRA J. CHIVUKULA
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ATTEST: 
IRENE KIM ASBURY
SECRETARY

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



IN THE MATTER OF VERIFIED JOINT PETITION OF ONVOY, LLC, BROADVOX-CLEC, LLC,
ANPI, LLC, AND NEUTRAL TANDEM-NEW JERSEY, LLC FOR (1) ONVOY, LLC,
BROADVOX-CLEC, LLC, AND ANPI, LLC TO EXPAND THEIR FINANCING
ARRANGEMENTS AND (2) FOR NEUTRAL TANDEM-NEW JERSEY, LLC TO PARTICIPATE
IN CERTAIN FINANCING ARRANGEMENTS UPON COMPLETION OF THE TRANSFER OF
INDIRECT CONTROL OF NEUTRAL TANDEM-NEW JERSEY, LLC TO ONVOY, LLC
DOCKET NO. TF16111079

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