



Agenda Date: 3/19/14
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF)
ONVOY, INC. FOR APPROVAL TO EXPAND ITS)
FINANCING ARRANGEMENTS)
)
ORDER
DOCKET NO. TF14020155

Parties of Record:

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

BY THE BOARD:

On February 10, 2014, Onvoy, Inc. ("Onvoy" or "Petitioner") 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 to expand its financing arrangements to an aggregate amount of up to \$40 Million.

Onvoy is a corporation organized under the laws of the State of Minnesota whose principal address is 10300 6th Avenue North, Plymouth, Minnesota 55441. Onvoy is a wholly-owned subsidiary of Zayo Group Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of Communications Infrastructure Investments, LLC ("CII"), a Delaware limited liability company. CII has no majority owner.

Onvoy provides wholesale local exchange and long distance, tandem switching, transit and other access services to other carriers. In New Jersey, Onvoy is authorized to provide resold and facilities-based local exchange, interexchange, exchange access, and private line telecommunications services. See In the Matter of Onvoy, Inc. Petition for Authority to Provide Local Exchange, Exchange Access, Interexchange 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 Federal Communications Commission to provide domestic and international telecommunications services. Additional information concerning Onvoy's legal, technical, managerial, and financial qualifications has been submitted to the Board with various prior submissions with respect to Onvoy's certification and is therefore a matter of public record. Petitioner requests that the Board take official notice of these descriptions of Onvoy's qualifications and deem them incorporated in the petition by reference.

By the Verified Petition, Onvoy seeks Board approval to expand its financing arrangements, and to incur debt and pledge its assets as security for, up to an aggregate amount of up to \$40 Million. Petitioner expects that any long-term indebtedness incurred as part of the proposed financing arrangements will mature up to eight years after issuance, depending on the type of debt instrument. Interest rate(s) will be set according to market conditions at issuance and will be fixed or floating, or a combination thereof, with floating rates consisting of a base rate plus an agreed upon margin. Some or all of the expanded financing arrangements will be secured with security interests in the assets of Onvoy and the equity in Onvoy. The financing arrangements may be used to support strategic growth initiatives, to fund future acquisitions, to refinance debt obligations, for working capital requirements, and for other types of general corporate purposes.

The Petitioner emphasizes that approval of the financing arrangements will serve the public interest in promoting competition among telecommunications carriers by providing Petitioner with access to greater financial resources that will allow Petitioner to become a more effective competitor to larger incumbent telecommunications providers. The Petitioner therefore asserts that the financing arrangements are necessary and appropriate, are consistent with the performance by Petitioner of its services to the public, will not impair the ability of Petitioner to perform such services, and will promote the corporate purposes of the Petitioner. The Petitioner also emphasizes that the financing will be transparent to customers and will not disrupt service or cause customer confusion or inconvenience.

The Division of Rate Counsel has reviewed this matter and, by letter dated February 25, 2014, indicated that it has no objection to the Petitioner's requests under the verified petition.

After careful review of this matter, the Board **FINDS** that the proposed transaction and the expanded financing arrangements are in accordance with the law and in the public interest, and **HEREBY AUTHORIZES** Petitioner to expand its existing financing arrangements up to an aggregate amount of \$40 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 matter affecting Petitioner.
2. Petitioner 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. Petitioner 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 agreement does not constitute an automatic transfer of Petitioner's 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 the Petitioner.

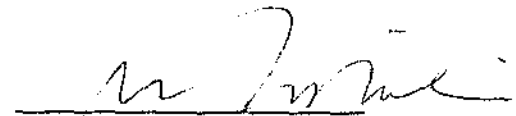
This Order shall be effective March 28, 2014.

DATED: 3/19/2014

BOARD OF PUBLIC UTILITIES
BY:



DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

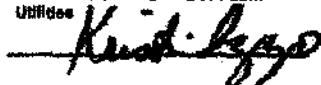

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


KRISTI IZZO
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, Inc. for Approval to Expand Its
Financing Arrangements

Docket No. TF14020155

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