



Agenda Date: 5/19/15
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 PETITION OF ACN)
COMMUNICATION SERVICES, INC. FOR APPROVAL)
TO PARTICIPATE IN A FINANCING ARRANGEMENT)
)
) DOCKET NO. TF15030378

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Andrew M. Klein, Esq., Klein Law Group PLLC, on behalf of Petitioner

BY THE BOARD:

On March 24, 2015, ACN Communications Services, Inc. ("ACN" or "Petitioner") filed a verified petition ("Verified Petition") pursuant to N.J.S.A. 48:3-9 and N.J.S.A. 48:3-7 requesting approval from the New Jersey Board of Public Utilities ("Board"), to the extent necessary, to participate in a financing arrangement.

Petitioner is a corporation incorporated under the laws of the State of Michigan on April 30, 1999, and headquartered at 1000 Progress Place, Concord, NC 28025. Petitioner has been authorized in the State of New Jersey to offer resold local exchange and interexchange services to residential and business customers pursuant to registration and authority granted in Docket No. TE030403113 (the "Regulated Service").

Petitioner is a wholly-owned subsidiary of LKN Communications, Inc. ("Parent"), a corporation incorporated under the laws of the State of Michigan on November 24, 1992. Parent, through ACN and the Parent's other subsidiaries, markets a variety of telecommunications and other essential home and business products in all 50 States and in 23 other countries around the world, generating consolidated annual revenues in excess of \$500 million. Additional information concerning ACN's legal, technical, managerial and financial qualifications has been previously submitted to the Board with Petitioner's request for certification and is therefore a matter of public record. The Board takes official notice of these descriptions of ACN's qualifications and incorporates them herein by reference.

Petitioner requests Board approval to participate in a financing arrangement in connection with the issuance of senior secured debt in the aggregate amount of up to \$135 million (the "Financing") by Parent. Specifically, Petitioner seeks approval to pledge its assets as security

and act as a guarantor in support of the Financing. Loans under the credit facility into which Parent intends to enter through the Financing will be provided by a syndicate of financial institutions (the "Lenders"). Each of the Parent's domestic subsidiaries, including Petitioner, will guaranty Parent's obligations under the credit facility and grant a security interest to the Lenders in substantially all of the subsidiary's assets. Petitioner's Regulated Service assets are a small fraction of the total assets supporting the credit facility. ACN's annual revenues derived from the Regulated Service represent less than 1% of the Parent's annual consolidated revenues.

Petitioner asserts that approval of the financing arrangement will serve the public interest. First, the proposed Financing is expected to provide the ACN companies with greater financial resources which will allow ACN to compete more effectively for customers in New Jersey, as well as to ensure that ACN can continue to provide high-quality telecommunications services to existing customers. Proceeds from the Financing will be used, among other things, to support strategic growth and for ongoing working capital. Second, the Financing will be conducted in New Jersey in a manner that will be transparent to customers, and will not result in any negative changes to ACN services received by customers. Petitioner expects to continue to provide high-quality telecommunications services without any interruption, reduction, loss or impairment of services and without any changes to the rates, terms or conditions of service to customers.

The Division of Rate Counsel has reviewed this matter and, by letter dated April 22, 2016, "does not oppose the Board's grant of Petitioner's requests under the Verified Petition.

After careful review of this matter, the Board **FINDS** that the transaction will have no negative impact on competition, the rates of current customers, or employees. Therefore, the Board after investigation, having considered the record and all information submitted in this proceeding, **FINDS** that the financing transactions are in accordance with law and in the public interest, and **HEREBY AUTHORIZES** Petitioner to participate in the financing arrangements described herein.

This Order is issued subject to the following provisions:

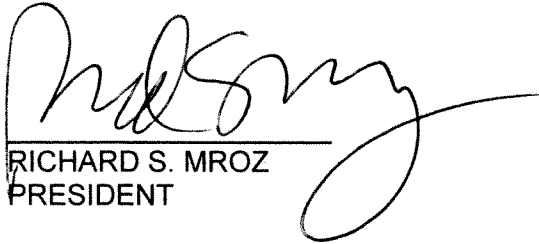
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation, or any other matter affecting 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 transactions or other supporting documents (the "Agreement"), 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.

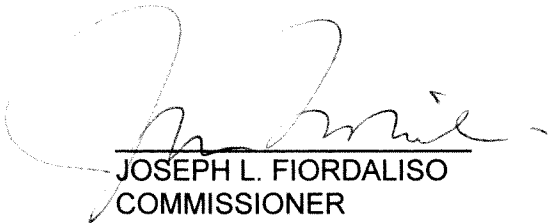
5. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioner.

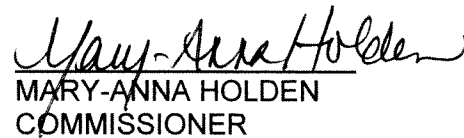
This Order will be effective May 29, 2015.

DATED: *May 19, 2015*

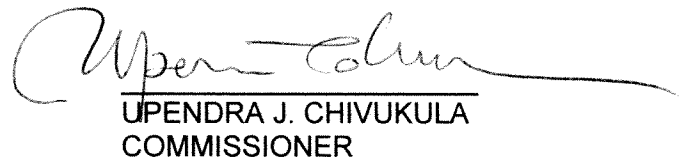
BOARD OF PUBLIC UTILITIES
BY:

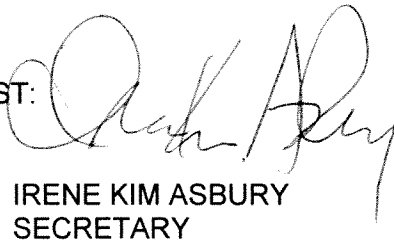

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

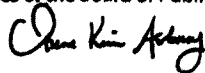

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
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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APPROVAL TO PARTICIPATE IN A FINANCING ARRANGEMENT

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