



Agenda Date: 3/18/16
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)
OF COMMUNICATIONS INFRASTRUCTURE)
INVESTMENTS, LLC, TRANSFEROR, ONVOY, LLC)
BROADVOX-CLEC, LLC AND GTCR ONVOY)
HOLDINGS LLC FOR APPROVAL OF THE TRANSFER)
OF CONTROL OF ONVOY, LLC AND BROADVOX-)
CLEC, LLC TO GTCR ONVOY HOLDINGS LLC)
ORDER

DOCKET NO. TM16010041

Parties of Record:

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

BY THE BOARD:

On January 14, 2016, Communications Infrastructure Investments, LLC ("CII" or "Transferor") Onvoy, LLC ("Onvoy"), Broadvox-CLEC, LLC ("BV-CLEC," and together with Onvoy, "Licensees"), and GTCR Onvoy Holdings LLC ("Transferee" and collectively, "Petitioners") submitted a verified Petition ("Petition") to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-51.1, and N.J.S.A. 48:3-10 requesting Board approval for the transfer of control of the Licensees to Transferee (the "GTCR Transaction") Following the proposed GTCR Transaction, Onvoy and BV-CLEC will continue to offer the same services in New Jersey at the same rates, terms, and conditions.

BACKGROUND

CII is a Delaware limited liability company with its principal office located in Boulder, Colorado. The Petition states that CII was formed in 2007 to acquire and support long-term development of fiber-based bandwidth, solutions-oriented businesses. Through its subsidiaries, CII acquired indirect ownership and control of Onvoy in 2007. Following various pro forma reorganizations, Onvoy became a direct subsidiary of CII in 2014. See In the Matter of the Verified Petition of Onvoy, Inc. for Approval of a Pro Forma Transfer of Direct Ownership, Docket No. TM14040367, Order dated May 21, 2014.

Onvoy is a Minnesota limited liability company with a principal office located in Plymouth, Minnesota. The Petition states that Onvoy provides wholesale local exchange and long distance services, switched access, transit and other services to carriers and communications providers. In New Jersey, Onvoy is authorized to provide 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.

BV-CLEC is a Delaware limited liability company with a principal office located in Cleveland, Ohio. 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 local exchange telecommunications services. See In the Matter of the Petition of Broadvox-CLEC, LLC for Approval to Provide Local Exchange Telecommunications Services throughout the State of New Jersey, Docket No. TE09020172, Order dated April 27, 2009. BV-CLEC also offers resold interexchange and local exchange services in New Jersey.

Transferee is a Delaware limited liability company with its principal executive office located in Chicago, Illinois. The Petition states that Transferee is an investment vehicle created to aggregate the ownership of various investment funds managed by GTCR LLC in connection with the acquisition by such funds of Onvoy and its subsidiaries. The following fund is expected to own a majority of Transferee: GTCR Fund X/A LP (approximately 61.21%). Founded in 1980, GTCR LLC is a private equity firm focused on investing in growth companies in the Financial Services & Technology, Healthcare, Technology, Media & Telecommunications and Growth Business Services industries.

DISCUSSION

The Petition states that pursuant to the Transaction Agreement by and among CII, Onvoy, Transferee, Onvoy Holdings, Inc., a Delaware corporation ("Holdings Inc."), Onvoy Intermediate Holdings, Inc., a Delaware corporation ("Parent"), and Onvoy Merger Sub LLC, a Minnesota limited liability company ("Merger Sub"),¹ dated as of December 31, 2015, the parties will complete a series of transactions (the "Transactions"), including the merger of Merger Sub with and into Onvoy, with Onvoy being the surviving entity (the "Onvoy Merger"). Petitioners state that immediately prior to the Onvoy Merger, Merger Sub will be a direct, wholly owned subsidiary of Parent and, upon completion of the Onvoy Merger, Onvoy will become a direct, wholly owned subsidiary of Parent and, that upon completion of the Transactions, Parent will be a direct, wholly owned subsidiary of Holdings Inc., which in turn will be a direct, wholly owned subsidiary of Transferee.

Petitioners state that the GTCR Transaction will be conducted in a manner that will be transparent to Licensees' customers and will not result in any immediate change of carrier for customers or any assignment of authorizations, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers.

¹ Holdings Inc., Parent and Merger Sub were formed for purposes of the Transactions.

Pursuant to N.J.S.A. 48:2-51.1(a), "the (B)oard shall evaluate the impact of [an] acquisition [of control of a public utility] on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates." In evaluating this Petition, the Board must be "satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1" as set forth above. N.J.A.C. 14:1-5.14(c). Also, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the public utility, or a wholly owned subsidiary thereof, may be unable to fulfill its pension obligations to any of its employees.

Petitioners assert that the GTCR Transaction is in the public interest. Licensees will continue to be managed and operated by the same officers and personnel, but will be supplemented by management of Transferee and GTCR LLC. Petitioners also state that Licensees may have access to additional financial resources through their relationship with Transferee and GTCR LLC, enabling them to better meet the needs of their customers and thus better compete in the telecommunications marketplace. Petitioners claim that the Transactions will have no adverse impact on the customers of Licensees since Licensees will continue to provide high-quality services at the same rates and on the same terms and conditions as are currently in effect. Petitioners have also advised the Board that Licensees do not have any employees in New Jersey.

By letter to the Board dated February 22, 2016, the New Jersey Division of Rate Counsel advised that it "has no objection to the Board's grant of Petitioners' request under the Verified Petition." (Letter from Rate Counsel at 2.)

FINDINGS AND CONCLUSIONS

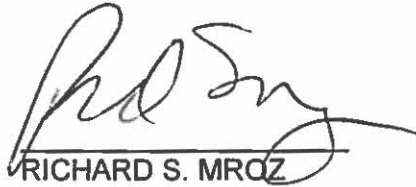
After a thorough review of the Petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since Petitioners' New Jersey customers will continue to receive the same services at the same rates and under the same terms and conditions. Also, the Board is satisfied that positive benefits will flow to customers based upon the record, and that the transactions will strengthen Petitioners' competitive posture in the telecommunications market due to their access to additional resources.

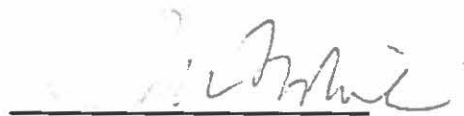
Accordingly, the Board **FINDS** that the proposed transaction is consistent with the applicable law, is not contrary to the public interest and will have no material impact on the rates of current customers, or on New Jersey employees. The Board also **FINDS** that the proposed transaction will have no impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **HEREBY AUTHORIZES** Petitioners to complete the proposed transaction.

This Order shall be effective March 28, 2016.

DATED: 3.18.16

BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

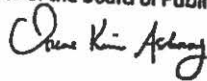

DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:


IRÉNE 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 THE VERIFIED JOINT PETITION OF COMMUNICATIONS
INFRASTRUCTURE INVESTMENTS, LLC, TRANSFEROR, ONVOY, LLC BROADVOX-CLEC,
LLC AND GTCR ONVOY HOLDINGS LLC FOR APPROVAL OF THE TRANSFER OF
CONTROL OF ONVOY, LLC AND BROADVOX-CLEC, LLC TO GTCR ONVOY HOLDINGS
LLC
DOCKET NO. TM16010041

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