



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 PETITION OF)
LINGO COMMUNICATIONS, LLC, BIRCH)
COMMUNICATIONS OF THE NORTHEAST, LLC, AND)
MATRIX TELECOM, LLC, FOR APPROVAL OF BIRCH)
COMMUNICATIONS OF THE NORTHEAST, LLC AND)
MATRIX TELECOM, LLC TO PARTICIPATE IN)
CERTAIN FINANCING ARRANGEMENTS)

ORDER

DOCKET NO. TF18070795

Parties of Record:

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

BY THE BOARD:

On July 25, 2018, Lingo Communications, LLC ("Lingo"), Birch Communications of the Northeast, LLC ("Birch-NE"), and Matrix Telecom, LLC ("Matrix") (together, "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 Birch-NE and, upon completion of the transfer of indirect control of Matrix from TNCI Impact LLC ("Transferor") to Lingo (the "Transaction"), Matrix to enter into or participate in financing arrangements.

BACKGROUND

Lingo is a Georgia limited liability company, with a principal office at 3060 Peachtree Road, NW, Suite 1065, Atlanta, GA 30305. Lingo is a wholly owned, direct subsidiary of GG Telecom Investors, LLC ("GG Telecom"), a Georgia limited liability company. GG Telecom is owned by Holcombe T. Green, Jr. (66.5%) and R. Kirby Godsey (33.5%).

Lingo is a holding company and does not provide telecommunications services or hold any Board authorizations. Birch-NE, a Delaware limited liability company, is an indirect, wholly owned subsidiary of Lingo and is authorized in New Jersey to provide facilities-based and resold local exchange and intrastate interexchange telecommunications services pursuant to an Order granted in Docket No. TE17121242 on May 22, 2018. Birch-NE also holds authority from the

Federal Communications Commission ("FCC") to provide domestic interstate and international telecommunications services.

Matrix is a Texas limited liability company and indirect, wholly owned subsidiary of TNCI Impact LLC ("Transferor"). Transferor is a Delaware limited liability company that is 90% owned by Garrison TNCI LLC and 10% owned by Impact Telecom Holdings, Inc. The corporate headquarters of Matrix and Transferor is located at 9000 E Nichols Ave., Suite 230, Englewood, Colorado 80112.

Matrix and its affiliates (collectively, "Impact Telecom") provide intrastate, interstate, and international telecommunications services to residential, business, and carrier customers throughout the United States. In New Jersey, Matrix is authorized to provide facilities-based competitive local exchange telecommunications service pursuant to an Order of Approval issued in Docket No. TE06120898 on April 13, 2007. Matrix also holds authority from the FCC to provide domestic interstate and international telecommunications services.

DISCUSSION

Petitioners seek Board approval for Birch-NE and, upon completion of the Transaction, Matrix to enter into or participate in new, amended, and restated financing arrangements (the "Financing Arrangements"). Petitioners expect that any long-term indebtedness incurred as part of the Financing Arrangements 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 Lingo and certain of its current and future subsidiaries, including Birch-NE and Matrix. A portion of the Financing Arrangements may be unsecured facilities. For the secured facilities, the equity of Lingo and certain of its current and future subsidiaries, including Birch-NE and Matrix, may be pledged as additional security. Additionally, Lingo and certain of its current and future subsidiaries, including Birch-NE and Matrix, may provide a guaranty as security for the full amount of the Financing Arrangements. A portion of the Financing Arrangements will be used for the purchase price of the proposed Transaction and associated fees and costs. The Financing Arrangements also may be used for future acquisitions, refinancing of then current outstanding debt, working capital requirements, and other general corporate purposes of the company. Petitioners currently expect that Lingo will be the borrower. In order to maintain flexibility, authorization also is sought for each of Birch-NE and, upon completion of the Transaction, Matrix to incur debt as a borrower, co-borrower, or guarantor under and to pledge their assets as security for the Financing Arrangements.

In the Joint Petition, the Petitioners state that the Financing Arrangements will serve the public interest in promoting competition among telecommunications carriers by providing Lingo and its current and future operating subsidiaries, including Birch-NE and Matrix, with access to greater financial resources that will allow them to become more effective competitors. The Financing Arrangements will be used to fund the purchase price for the Transaction, to support strategic growth initiatives, and to provide for ongoing working capital, and for other corporate purposes. The Petitioners assert that the Financing Arrangements are necessary and appropriate, are consistent with the performance by Birch-NE and Matrix of their services to the public, will not impair their ability to perform such services, and will promote their corporate purposes. The Petitioners further assert that Financing Arrangements will have no adverse impact on the customers of Birch-NE and Matrix and will not disrupt service or cause customer confusion or inconvenience.

In addition, the Petitioners state that 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 Transaction and Financing Arrangements. While N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10 require the Board 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, the lack of an employee pension plan reflects there is no negative impact on employee pensions.

Following Board Staff's ("Staff") review of the record, Staff concludes 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 Matrix and Birch-NE operate, Staff is satisfied that the Financing Arrangements will not have an adverse impact on the operations of Birch-NE and Matrix in New Jersey.

The Division of Rate Counsel has reviewed this matter and, by letter dated August 31, 2018, 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 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** Birch-NE and Matrix to participate in Financing Arrangements and to take those actions necessary to effectuate such Financing Arrangements as described in the Petition.

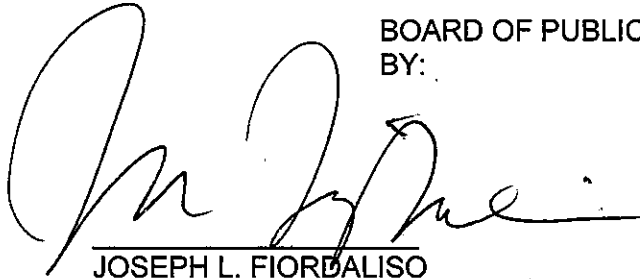
This Order is issued subject to the following provisions:

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 Birch-NE and Matrix.
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.
6. This order shall become null and void if not exercised within six months from the effective date of this order.


This Order shall become effective on September 27, 2018.

DATED: 9/17/18

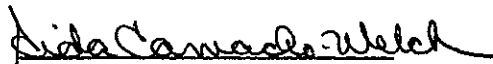
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ATTEST:


AIDA CAMACHO-WELCH
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 LINGO COMMUNICATIONS, LLC, BIRCH COMMUNICATIONS OF THE NORTHEAST, LLC, AND MATRIX TELECOM, LLC, FOR APPROVAL OF BIRCH COMMUNICATIONS OF THE NORTHEAST, LLC AND MATRIX TELECOM, LLC TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS
BPU DOCKET NO. TF18070795

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