



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1ST Floor
Post Office Box 350
Trenton, New Jersey 08625-0350 www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION OF BRIGHTSPEED) ORDER
OF NEW JERSEY, INC. FOR APPROVAL TO)
ENCUMBER ASSETS IN CONNECTION WITH A CREDIT)
AGREEMENT REFINANCING) DOCKET NO. TF24120872

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Colleen A. Foley, Esq., Saul Ewing LLP, on behalf of petitioners

BY THE BOARD:

On December 19, 2024, Brightspeed of New Jersey, Inc. ("Brightspeed" or "Petitioner") filed a petition pursuant to N.J.S.A. 48:3-7 and 48:3-9, seeking approval from the New Jersey Board of Public Utilities ("Board") to act as a guarantor of certain new secured debt of Petitioner's indirect parent, Connect Holding II ("Petition"). By this Decision and Order, the Board considers the Petition.

BACKGROUND

Brightspeed is an Incumbent Local Exchange Carrier authorized to provide local exchange services in the northwest portion of the State of New Jersey.¹ Connect Holding II is a Delaware limited liability company and the indirect parent of the Petitioner, with its headquarters located at 1120 South Tryon Street, Suite 700, Charlotte, NC 28203. Connect Holding II is wholly owned by Connect Holding, LLC ("Connect Holding"), a Delaware limited liability company.² Connect Holding is controlled by Connect Midco LLC, a Delaware limited liability company, which in turn is controlled by Connect Intermediate LLC, a Delaware limited liability company, which is in turn controlled by Connect Parent, a Delaware corporation. Petitioner stated that approximately sixty-two percent (62%) of the common stock of Connect Parent is held by AP IX Connect Holdings,

¹ The Board was notified in Docket No. TT23020093 of Petitioner's name change from United Telephone Company of New Jersey, Inc. d/b/a CenturyLink to Brightspeed of New Jersey, Inc.

² The Board approved the transfer of indirect control of the Petitioner to Connect Holding, LLC. In re the Certified Petition of Connect Holding LLC; Lumen Technologies, Inc.; and United Telephone Company of New Jersey, Inc. d/b/a CenturyLink for Approval of Transfer of Control and Certain Financing Arrangements, BPU Docket No. TM21091142, Order dated June 29, 2022.

L.P., which indirectly controls Connect Holding II. Connect Holding II does not offer services in New Jersey, does not provide telecommunications services, and does not hold any Board authorization, license, or certificate.

By the Petition, Brightspeed seeks Board approval to be a guarantor of certain Connect Holding II financing arrangements ("Financing Arrangements").³ The Financing Arrangements are the result of a comprehensive restructuring process completed by Connect Holding II with its existing senior secured lenders ("Existing Lenders"). The indebtedness at issue in this proceeding has been restructured to provide Connect Holding II with additional liquidity and time to execute on its long-term business plans and captures approximately \$1.1 billion of discounts from Existing Lenders. Petitioner stated that Connect Holding II completed the comprehensive restructuring of its indebtedness on August 13, 2024. After giving effect to that restructuring, Petitioner stated that Connect Holding II's indebtedness now consists of the following:

- (a) a first lien first-out credit agreement, which includes a \$2.9 billion delayed draw term loan facility and a \$270 million revolving credit facility;
- (b) a first lien second-out credit agreement, which includes a fully funded approximately \$2.5 billion term loan (approximately \$2.25 billion of which was issued in exchange for certain loans under Connect Holding II's existing senior facilities and \$250 million of which was issued for cash);
- (c) a first lien third-out credit agreement under which Connect Parent is the lender, which consists of a \$500 million delayed draw term loan facility; and
- (d) a first lien fourth-out credit agreement which includes an approximately \$1.475 billion term loan (which was issued in exchange for certain loans under Connect Holding II's existing senior facilities) [(a), (b), (c), and (d) above collectively, "Debt"].

By its Petition, Brightspeed stated that it does not currently serve as a guarantor of the Debt and will only do so once it has obtained the required approval from the Board.

Petitioner asserted that approval of its request will support Connect Holding II's planned investment in fiber deployment in several states, including New Jersey, and will therefore serve the public interest. Specifically, Petitioner stated that the Financing Arrangements will facilitate Connect Holding II's planned \$2 billion investment in fiber deployment across its twenty (20)-state footprint, including Brightspeed's New Jersey service area, by enabling the enterprise to deleverage its balance sheet and strengthen its financial position, reducing debt service expense and providing access to capital at lower interest rates. Brightspeed stated that the Financing Arrangements will, in turn, support its ongoing efforts to enhance its offerings of advanced services and technologies in New Jersey, positioning Brightspeed as a stronger competitor in the provision of broadband services.

Petitioner also stated that the Financing Arrangements will have no adverse impact on its jurisdictional rates or services and will instead enhance Petitioner's ability to access the capital needed to maintain or improve service quality and to upgrade its networks.

³ An affiliate of Petitioner, Brightspeed Broadband, LLC, will also be subject to the Financing Arrangements.

The New Jersey Division of Rate Counsel ("Rate Counsel") reviewed this matter and, by letter dated March 18, 2025, acknowledged that Petitioners have provided the information required under the relevant statutes and regulations, as well as additional information in reply to Board Staff's discovery requests. Rate Counsel indicated that it does not oppose the Board's grant of Petitioner's requests.

DISCUSSION AND FINDINGS

After careful review of this matter, the Board, having considered the Petition, Petitioner's responses to discovery, and the comments of Rate Counsel and Board Staff, **HEREBY FINDS** that Petitioner's participation as a guarantor of the Debt is in accordance with law, in the public interest, and will have no negative impact on the company, rates, customers or New Jersey employees. The Board, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9, approving of the purposes of the Financing Arrangements, **HEREBY AUTHORIZES** Petitioner to participate as a guarantor of the Debt and the Financing Arrangements described in the Petition.

This Order is issued subject to the following provisions:

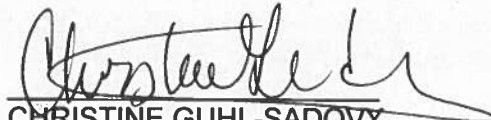
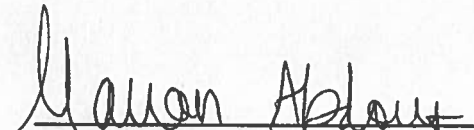
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioner.
2. Petitioner shall notify the Board within five (5) business days of any material changes in the proposed Financing Arrangements and shall provide complete details of such changes 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 Arrangements within five (5) business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the Financing Arrangements or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioner's assets located in the State of New Jersey and no party to such Financing Arrangements or other supporting document shall take any action under such documents or exercise any remedies that would constitute or result in the transfer or assignment of any assets of Petitioner located in the State of New Jersey or a change of control of Petitioner prior to obtaining Board approval 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.
6. Beginning January 15, 2026, and every six (6) months thereafter, Petitioners shall submit to the Board Secretary, and provide a copy to the Chief Economist, a letter report detailing each debt issuance, term loan, and use of revolving credit opened or concluded in the prior six (6) months, along with copies of executed indentures associated with the authorization contained in this Order. The reports shall include the name of the issuing entity, issue date, amount of debt issued, the term in years, final maturity date, coupon rate, price to public, underwriters discount, net proceeds after expenses, gross proceeds before expenses, breakdown of estimated issuance costs (including, but not limited to, information such as the underwriting fees, underwriting expenses, legal fees and

expenses, recordation taxes and fees, trustee fees, etc.), and any other material provision with respect to the terms and conditions of the new issuance.

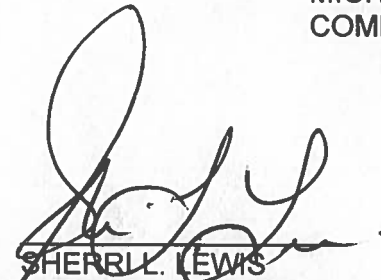
This Order shall become effective on June 25, 2025.

DATED: June 18, 2025

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT
DR. ZENON CHRISTODOULOU
COMMISSIONER
MARIAN ABDOU
COMMISSIONER
MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRILL LEWIS
BOARD 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 PETITION OF BRIGHTSPEED OF NEW JERSEY, INC. FOR APPROVAL TO ENCUMBER
ASSETS IN CONNECTION WITH A CREDIT AGREEMENT REFINANCING

DOCKET NO. TF24120872

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