



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION	)	ORDER
OF BROADVIEW NETWORKS, INC., BRIDGECOM	)	
INTERNATIONAL, INC., TRUCOM CORPORATION,	)	
BROADVIEW NP ACQUISITION CORP., ATX	)	
LICENSING, INC., EUREKA TELECOM, INC., AND	)	
A.R.C. NETWORKS, INC. FOR APPROVAL OF AN	)	
INDIRECT TRANSFER OF CONTROL AND TO	)	
PARTICIPATE IN CERTAIN FINANCING	)	
ARRANGEMENTS	)	DOCKET NO. TM12070715

**Parties of Record:**

**James H. Laskey, Esq., Norris McLaughlin & Marcus, P.A.,** on behalf of Petitioners  
**Stefanie A. Brand, Esq., Director,** New Jersey Division of Rate Counsel

**BY THE BOARD:**

On July 30, 2012, Broadview Networks, Inc. ("Broadview Networks"), BridgeCom International, Inc. ("BridgeCom"), TruCom Corporation ("TruCom"), Broadview NP Acquisition Corp. ("Broadview NP"), ATX Licensing, Inc. ("ATX"), A.R.C. Networks, Inc. ("A.R.C."), Eureka Telecom, Inc. ("Eureka") (collectively, "Petitioners"), requested Board approval, pursuant to N.J.S.A. 48:2:51.1, 48:3-9 and 48:3.7 and N.J.A.C. 14:1-5.9, of a transaction that will result in the indirect transfer of control and, to the extent necessary, to participate in certain financing arrangements of up to \$200 million. On August 16, 2012, Petitioners submitted an amendment to its original petition. Pursuant to the amendment, Broadview Networks and BridgeCom request approval to be co-borrowers with Broadview Holdings, Inc. ("Broadview Holdings") in a revolving credit facility. Subsequently, on September 4, 2012 Petitioners also filed a supplement to the petition to reflect the fact that Broadview Holdings and its subsidiaries, including Petitioners, filed a voluntary petition on August 22, 2012, with the United States Bankruptcy Court for the Southern District of New York to reorganize under Chapter 11. According to the supplement, the "pre-packaged" bankruptcy filing will allow Broadview Holdings to effectuate the proposed indirect transfer of control while maintaining current operations of Petitioners and to ensure that customers will not be adversely impacted. The

filing also converts the legal status of Petitioners to debtors-in-possession. Following the proposed indirect transfer of control, Petitioners will continue to offer services at the same terms, rates and conditions of service.

## **BACKGROUND**

Broadview Holdings, (together with the Petitioners, the "Company") is a privately held Delaware corporation with principal offices in Rye Brook, New York. Broadview Holdings is the ultimate parent company of Broadview Networks, Broadview NP, BridgeCom, TruCom, ATX, A.R.C., and Eureka each of which is authorized to provide telecommunications services in multiple states. In New Jersey, Broadview Networks is authorized to provide facilities-based and resold interexchange and local exchanges services pursuant to authority granted by the Board in Docket No. TE99120912, on August 16, 2000. Broadview NP is authorized to provide interexchange and local exchange services pursuant to authority granted by the Board in Docket No. TE02040253, on August 7, 2002; BridgeCom is authorized to provide facilities-based competitive interexchange and local exchange services pursuant to authority granted by the Board in Docket No. TE01010040, on February 6, 2002; TruCom is authorized to provide facilities-based competitive interexchange and local exchange services pursuant to authority granted by the Board in Docket No. TE00090630, on March 15, 2001; ATX is authorized to provide interexchange and local exchange telecommunications services pursuant the authority granted by the Board in Docket No. TE99070467, on March 29, 2000; Eureka is authorized to provide local exchange telecommunications services pursuant to authority granted by the Board in Docket No. TE00100817, on June 28, 2001 and A.R.C. is authorized to provide local exchange and interstate toll telecommunications services pursuant the authority granted by the Board in Docket No. TM00030170, on July 28, 2000. According to Petitioners, Broadview Networks has approximately 4,626 customers in New Jersey and 54 employees. The other companies currently do not have any customers or employees in New Jersey.

## **DISCUSSION**

As described in the petition, Broadview Holdings plans to exchange outstanding notes for equity in Broadview Holdings ("the "transaction"), which will result in an indirect transfer of control of Petitioners. The petition states that the overall purpose of the transaction is to enable Broadview Holdings to de-lever its balance sheet, better position the Broadview companies to compete in the telecommunications and information technology industry, and to provide a solution for the impending maturity of its senior secured notes. To that end, Broadview has entered into an agreement with a majority of its equity-holders and note-holders for a restructuring of its outstanding obligations, including its \$300 million 11 3/8% senior secured notes due September 2012. Pursuant to that agreement, the existing note-holders will obtain approximately 97% of Broadview Holdings common shares and approximately \$150 million in principal amount of new 10 1/2 % senior secured notes. As a result of this, the restructuring will affect a transfer of control of Broadview Holdings and, indirectly, its subsidiaries. On September 4, 2012, Petitioners filed a supplement to the petition to reflect the fact that Broadview Holdings and its subsidiaries, including Petitioners, filed a voluntary petition on August 22, 2012, with the United States Bankruptcy Court for the Southern District of New York to reorganize under Chapter 11. According to the supplement, the "pre-packaged" bankruptcy filing will allow Broadview Holdings to effectuate the proposed indirect transfer of control while maintaining current operations of Petitioners and to ensure that customers will not be adversely impacted. The filing also converts the legal status of Petitioners to debtors-in-possession. The supplement notes that upon consummation of the transaction, no single entity is expected to control Broadview Holdings or Petitioners.

Petitioners also propose to participate in certain financing arrangements of up to \$200 million for the purpose of restructuring existing debt obligations. Broadview anticipates that the new financing arrangements will consist of secured notes and a revolving credit facility, both of which will replace similar outstanding debt obligations. Petitioners also requested approval in the petition to pledge assets and act as guarantors in support of the secured notes and revolving credit arrangement. On August 16, 2012, Petitioners submitted an amendment to its original petition. Pursuant to the amendment, Broadview Networks and BridgeCom International, Inc. request approval to be co-borrowers with Broadview in the revolving credit facility. The funds will be used for general corporate purposes.

Accordingly, Petitioners will continue to operate pursuant to its existing authorizations and customers will continue to receive their existing services at the same rates, terms and conditions that they have prior to the transactions and, therefore, the transactions will be seamless and transparent to customers.

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; N.J.A.C. 14:1-5.14(c). Also, under N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board is required to determine whether the public utility or a wholly owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees. According to the petition, Petitioners will continue to maintain the technical, managerial, and financial qualifications to operate and provide telecommunications services in New Jersey following the proposed transaction.

The Board's review indicates that the financing transactions 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 Petitioners operate, the Board is satisfied that the transactions will not have an adverse impact on Petitioners' operations in New Jersey.

### **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 Petitioner's New Jersey customers will continue to receive the same services from the same entity at the same rates and under the same terms and conditions. Also, the Board is satisfied that positive benefits will flow to customers based on the record presented by Petitioners as the transaction will strengthen Petitioner's competitive posture in the telecommunications market due to its access to additional resources. In addition, the Board is persuaded that Petitioners will make every effort to minimize any potential adverse impact to employees in New Jersey.

Accordingly, the Board FINDS that the proposed transaction will have no material impact on the rates of current customers, or on employees. The Board also FINDS that the transactions will have no negative 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 FINDS that the proposed transaction is in accordance with the law and in the public interest, and HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction within 7 days of consummation.


The Board FINDS that the proposed transaction is consistent with the applicable law and the public interest. The Board therefore, approves the purposes thereof. The Board HEREBY AUTHORIZES Petitioners to participate in the financing arrangement described herein and to take those actions necessary to effectuate participation in the financing arrangement.

This Order is 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 of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioners.
2. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does 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.
3. 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.
4. Petitioner shall notify the Board, within five (5) business days, of any material changes in the financing arrangements and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.

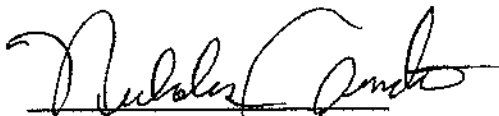
DATED: 10/4/12

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

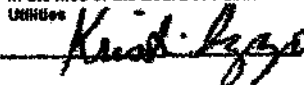
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
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  


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ACQUISITION CORP., ATX LICENSING, INC., EUREKA TELECOM, INC., AND A.R.C.  
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PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS  
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