



Agenda Date: 4/28/10  
Agenda Item: IVB

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION OF TW	)	ORDER
TELECOM INC., TW TELECOM HOLDINGS INC., TW	)	
TELECOM HOLDINGS II LLC, AND TW TELECOM OF	)	
NEW JERSEY, L.P. FOR AUTHORITY TO ENTER	)	
INTO CERTAIN FINANCING ARRANGEMENTS	)	DOCKET NO. TF10020159

Colleen A. Foley, Esq., Saul Ewing LLP, for Petitioners

**BY THE BOARD:**

Petitioners, tw telecom inc., tw telecom holdings II llc ("holdings-II"), tw telecom holdings inc. ("holdings") and tw telecom of new jersey, l.p. ("tw-nj") (together, the "Petitioners," and each a "Petitioner"), filed a Petition with the Board on February 24, 2010, pursuant to N.J.S.A. 48:3-7, N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, for approval to participate in various debt financing arrangements.

tw-nj is a competitive local exchange telephone company operating in the State of New Jersey, subject to the Board's jurisdiction. tw-nj is a subsidiary of holdings and holdings-II. holdings-II is a subsidiary of holdings. holdings, in turn, is a direct wholly-owned subsidiary of tw telecom inc., a publicly traded Delaware corporation with its principal business office located at 10475 Park Meadows Drive, Littleton, Colorado 80124. tw telecom inc. is a leading national provider of managed network services, specializing in Ethernet and data networking, Internet access, local and long distance voice, virtual private network, voice over Internet protocol and network security services to enterprise organizations and communications services companies throughout the United States.

Petitioners are requesting Board approval to encumber the assets of tw-nj as security for up to \$1.4 billion in long-term indebtedness of tw telecom inc. and holdings (and, as applicable their other direct and indirect subsidiaries, including tw-nj). Petitioners state that the requested authority will be used, in part, to refinance various debt issuances previously authorized by the Board in BPU Docket Nos. TF04020096, TF05020113, TF05100887, and TF06080601. Petitioners also request authority for tw-nj to guarantee and assume the obligations of tw telecom inc. and holdings (and, as applicable their other direct and indirect subsidiaries) of up to \$1.4 billion in long-term indebtedness. The requested authority would cover the execution and delivery of one or more guarantees, pledge and security agreements, and such other agreements as may be required. Petitioners also seek authorization for tw-nj to participate in



various financing arrangements related to any restructuring, refinancing and/or financing of any long-term indebtedness of tw telecom inc. and holdings (and, as applicable their other direct and indirect subsidiaries, including tw-nj) covered by authorizations granted herein, so long as the total long-term indebtedness for which tw-nj is a guarantor, or its assets are pledged, does not exceed \$1.4 billion outstanding at any one time. Petitioners request that the Board's authorization to participate in such related financing arrangements shall include refinancing, refunding, renewal, reissuance, redemption, and rollover of any such indebtedness outstanding, the incurrence or issuance of additional long-term indebtedness, and the amendment or revision of any terms or provisions of, or relating to, any long-term indebtedness.

The funds from the proposed future financings will be used to refinance existing long-term debt obligations with lower cost debt instruments; to refinance existing long-term debt maturities; to finance new capital expenditures; to finance the acquisition of other telecommunications companies and/or telecommunications assets, and to provide for working capital and other general corporate purposes. The proceeds of the proposed future financings may also be used to pay fees and expenses incurred in connection with such arrangements.

Petitioners assert that Board approval of this Petition will serve the public interest because the authorization requested will enable the Petitioners to capture favorable market conditions in a timely and efficient manner, and thereby take advantage of opportunities to reduce their financing costs, obtain more attractive terms and conditions and/or relaxed covenant restrictions, to better leverage Petitioners' financial resources, and to select the financing options most appropriate for the purpose of the debt. Petitioners add that the flexibility afforded by the authorization requested will enable tw telecom inc. to strengthen its financial condition and, in turn, create opportunities to enhance the competitive position of tw-nj in the New Jersey telecommunications marketplace, all of which ultimately will inure to the benefit of New Jersey customers.

The funding providers may be banks, financial institutions, private lending institutions, private individuals, and/or other institutions, either individually or a consortium. The funding group may change over the life of the financing.

Portions of the financed funds will be in the form of conventional credit facilities, such as revolving credits; letters of credit; secured or unsecured notes or debentures (including notes convertible into common stock) issued to banks, other types of financial institutions or other investors; or term loans.

The interest rate will be the market rate for similar financings and will be determined when each financing is finalized. As is typical in such transactions, the interest rate may have two components: a base rate and a margin rate. Any such base rate could be defined as the base or prime rate charged by a specified major bank for loans of similar size with similar maturities or as an adjusted federal funds rate. Eurodollar loans would be specified on a specified London Interbank Rate (LIBOR). Some, and perhaps all, of the loans to tw telecom inc. and holdings are expected to be secured by a guarantee and pledge of the stock, interests and assets of each operating subsidiary and the parent company, tw telecom inc. In some cases, tw telecom inc. and/or holdings and their direct and indirect subsidiaries may provide guarantees or may be a borrower or co-borrower. The security documents will contain appropriate provisions indicating that exercise of certain rights may be subject to obtaining prior regulatory approval.



Petitioners assert that the requested financing authority will strengthen Petitioners' ability to compete and expand in the highly competitive local exchange market for telecommunications customers in New Jersey by giving Petitioners access to greater financial resources, which will allow tw-nj to better respond to competitive pressures in the telecommunications market. Petitioners further assert that the requested financing flexibility is critical given the continued turbulence in the world financial markets. Petitioners believe the ability to respond quickly to favorable market conditions and the flexibility to enter into different types of debt financing arrangements is vital given the current financial markets. Moreover, obtaining prior regulatory approvals will save Petitioners the time and expense of obtaining individual approvals. On an overall corporate basis, this represents a significant savings to the Petitioners. Petitioners also note that this is a more efficient use of the Board's regulatory resources.

Petitioners' participation in the financing arrangements described herein will not involve a transfer of authorizations, assets or customers of tw-nj. Petitioners' participation will be transparent to customers in New Jersey. Petitioners will continue to provide services to New Jersey customers with no changes in the rates or terms and conditions of service as currently provided.

In a letter dated March 17, 2010, the Division of Rate Counsel ("Rate Counsel") recommended that the Board approve the Petition subject to the requirement that any financing entered into during the term of the approval not exceeding the approved debt level be reported to the Board and Rate Counsel upon completion of the transaction.

After review, the Board FINDS that the authority requested is consistent with applicable law and the Board HEREBY AUTHORIZES Petitioners to participate in the financing arrangements described herein. The Board FURTHER AUTHORIZES tw telecom of new jersey, l.p. and its direct and indirect corporate parents, tw telecom inc., tw telecom holdings llc and tw telecom holdings inc., to encumber, to guarantee and/or to pledge the assets of tw telecom of new jersey, l.p. as security for up to \$1.4 billion in long-term debt.

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 Petitioners.
2. Petitioners shall semi-annually file statements for the amounts, use of the amounts and use of the credit facilities pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9. Furthermore, Petitioners shall report to the Board and Rate Counsel any financing transactions entered into pursuant to the approval contained in this Order upon completion of the transaction.
3. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioners.

4. 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 shall not constitute automatic transfer of tw-nj's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
5. The interest rates for any new term loans shall be no greater than six percent (6%) higher than the LIBOR rate applicable at the time the new term loan is executed, and the interest rate for any bond shall be no greater than six percent (6%) higher than the current interest rate applicable to the 9 1/4% Senior Notes due in 2014.
6. The total long-term indebtedness for which tw telecom of new jersey, l.p. is a guarantor, or its assets are pledged or encumbered, may not exceed \$1.4 billion outstanding at any one time.
7. Board approval must be sought by Petitioners for any guarantees or security of any term loans or additional notes that cannot be issued pursuant to the foregoing conditions.
8. The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised on or before December 31, 2013.

DATED: 4/28/10

BOARD OF PUBLIC UTILITIES  
BY:

  
LEE A. SOLOMON  
PRESIDENT


  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

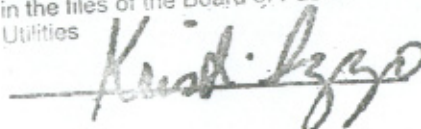
  
NICHOLAS ASSELTA  
COMMISSIONER

  
ELIZABETH RANDALL  
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





**In The Matter Of The Petition Of tw telecom Inc., tw telecom Holdings Inc., tw Telecom Holdings II LLC, And tw telecom Of New Jersey, L.P. For Authority To Enter Into Certain Financing Arrangements**

**Docket No.**

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