



Agenda Date: 5/21/14
Agenda Item: III E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

CABLE TELEVISION

IN THE MATTER OF THE APPLICATION OF SERVICE)
ELECTRIC CABLE T.V. OF HUNTERDON, INC. FOR)
AUTHORITY TO AMEND A CREDIT FACILITY)
) ORDER
) DOCKET NO. CF14030243

Parties of Record:

Thomas C. Kelly, Esq., for Service Electric Cable T.V.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

Service Electric Cable T.V. of Hunterdon, Inc. ("SEH") a Pennsylvania corporation, which provides services in the State of New Jersey filed a petition on June 2012, pursuant to N.J.S.A. 48: 5A-40 and 42 and in conformance with N.J.A.C. 14: 17-4.1,6.1, and 6.13 seeking its approval to amend a previously approved Credit Agreement, the amendment being the 2014 Credit Facility. SEH, a Pennsylvania corporation, with its principal place of business in Bethlehem, Pennsylvania, is a New Jersey cable television company operating its cable television business in twelve communities in the counties of Hunterdon and Warren, New Jersey. Specifically, SEH provides cable television service in Hunterdon County in the communities of Alexandria, Frenchtown, Milford, Holland, Kingwood and Bloomsbury and in Warren County in the communities of Alpha, Greenwich, Harmony, Lopatcong, Phillipsburg and Hopatcong.

SEH has been providing cable television service since 1991. Prior to that, going back to the 1970's, a New Jersey affiliate of SEH had been providing service in four of the Hunterdon County communities as well as communities located in Sussex County.

SEH is an affiliate of Service Electric Cable T.V. Inc. ("SECTV"). SECTV owns and operates cable television systems in the Commonwealth of Pennsylvania. SEH and SECTV are owned by a family operated corporation, Service Electric Television, Inc. SEH and SECTV were borrowers under Credit Agreements, previously approved by the Board in Docket Nos. CF12060515 on September 13, 2012 ("2012 Credit Agreement"), CF10090653 on December 16, 2010 ("2010 Credit Agreement"), Docket No. CF08050354 on September 15, 2008 ("2008 Agreement"), and Docket No. CF06110816 on April 13, 2007 ("2006 Agreement")

Service Electric asserts that its financial performance has continued to strengthen giving the company an opportunity to re-exam pricing and structure of the current credit facility with more favorable terms. It maintains that the proposed amendment will, among other things, give the company flexibility and will allow cost savings through a reduction of the pricing grid and elimination of the hedging requirement. They estimate that the cost savings would be approximately \$1.3M in year one based on \$147.4 million in average total debt outstanding. The maturity dates to the loans will be extended 1-2 years; the revolving credit maturity date shall be extended to 1/21/18 and the term maturity date shall be extended to 1/21/19. The proposed amendment will also include an accordion feature giving the company flexibility for the use of the subordinated debt payment due on 6/30/17 or other purposes.

The accordion feature permits the Petitioner to borrow up to an additional \$40 million above the current loan amounts without the need to go back to the lenders for approval if and when Petitioner seeks those funds. Petitioner seeks approval for this additional borrowing amount at this time. Petitioner is seeking approval of the current amendment as it would permit the use of those funds consistent with the purposes indicated in the matter. Current approval will lessen the expense and time associated with a refiling in the future.

As noted by the Petitioner in its support of the petition, it is a subsidiary of a family owned cable television company that traces its roots to the creation of cable television in the 1940s. The company is substantially owned by the widow of the company's founder, John Walson. Other family members own partial interests in the company. A possible use of the additional borrowing amount would be to issue stock bonuses.

Petitioner notes that if both circumstances occur concurrently, that is, pay off of the subordinated debt and estate tax obligations, it would have to come back to the Board for approval of any additional borrowing beyond the \$40 million sought herein.

As is customary, SEH and its affiliate will be responsible for commitment fees and other expenses and obligations associated with the 2014 Credit Facility. Those fees, charges and obligations are referred to in the Summary of Terms and Conditions that were a part of SEH's filing and in the subsequently filed supplemental information.

The existing pledge of SEH's assets and capital stock, along with that of its affiliate SECTV, will be the same as presently required under the 2012 Credit Agreement. SEH and SECTV will continue to be jointly and severally liable on the full amount of the loans and all of the material terms and conditions of the credit facility.

In a letter dated April 1, 2014 Rate Counsel stated that it has no objection Petitioner's requests under its verified petition.

After review, the Board **HEREBY FINDS** that the proposed transactions are to be made in accordance with the law, are in the public interest and the purposes thereof are approved by the Board. Therefore the Board **HEREBY AUTHORIZES** Service Electric Cable T.V. of Hunterdon, Inc., to enter into the 2014 Credit Facility, to issue the appropriate notes, give security; to enter into the amended agreement and to take other such actions reasonably inferred therefrom. This Order is subject to the following provisions:

1. 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 SEH.


2. Amendments to the Existing Agreement, including the amendment to Subsection 8.4.2 need to be provided within 45 days of the consummation of the approved transactions.
3. This Order shall not affect or in any way limit the exercise of the authority of this Board or this State in any pending or future petition or in any proceeding with respect to rates, franchises, services, financing, accounting, capitalization, depreciation or in any other matters affecting SEH.
4. SEH agrees to submit to the Board, at the Board's request, copies of all financial statements or materials required to be submitted to the lenders in connection with the credit facility.
5. SEH shall notify the Board within five days of a continuing event of default which will give the Board the opportunity to determine if such default would cause inadequate, unsafe or improper service which could be in violation of N.J.S.A. 48:5A-36 and 39.
6. SEH shall inform the Board 30 days in advance of taking advantage of the borrowing under the accordion feature of the 2014 Credit Facility.
7. Notwithstanding anything to the contrary in the 2014 Credit Facility approved herein or the underlying documents making up the agreement, neither this proposed financing nor a default under the agreement or supporting documents constitutes an automatic transfer of SEH property, plant or equipment, or Certificates of Approval under the terms of any security agreement or other document in conjunction with the credit facility. Board approval must be sought pursuant to N.J.S.A. 48:5A-19, 40 and 43.
8. Approval of the transactions herein shall not constitute a determination, nor in any way limit any future determination of the Board as to the treatment of indebtedness, capital structure and interest expense for ratemaking purposes, in any rate proceeding under state or federal law.
9. The Board's approval herein should not be interpreted as limiting the Board's authority over SEH to the extent that any action contemplated in the 2014 Credit Facility would require further Board review and approval under applicable law.
10. Any approval herein shall not be construed as automatically approving any past, present or future intercompany debt or advances that may require Board approval pursuant to the applicable statutes.
11. Material deviation in the executed closing documents from the terms and conditions approved herein or from that set forth in the filing by SEH and the supplements filed by SEH will render this Order of Approval voidable. SEH shall file a certification within thirty days of loan closing which shall indicate that there are no material deviations in the final closing documents from those so filed with the Board.
12. Consummation of the transactions approved herein must take place no later than sixty days from the date of approval of this Order, unless otherwise extended by the Board.


All parties to the above transactions must comply with the New Jersey Cable Television Act and the applicable sections of the New Jersey Administrative Code.

This Order shall be effective May 30, 2014.

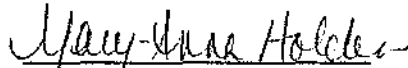
DATED: 5/21/14

BOARD OF PUBLIC UTILITIES
BY:

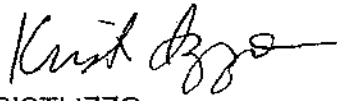

DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

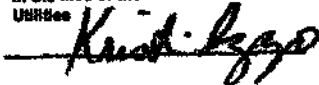

JOSEPH L. FIORDALISO
COMMISSIONER


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



In The Matter of the Application of Service Electric Cable T.V. of
Hunterdon, Inc. for Authority to Amend a Credit Facility

DOCKET NO. CF14030243

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