



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/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF) ORDER
HUDSON FIBER NETWORK, INC. FOR AUTHORITY)
TO COMPLETE A TRANSFER OF CONTROL OF A)
REGULATED TELECOMMUNICATIONS ENTITY)
PURSUANT TO N.J.S.A. 48:2-51.1) DOCKET NO. TM14091065

Parties of Record:

Thomas M. Lynch, Esq., Thomas Lynch & Associates, on behalf of Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On September 25, 2014, Hudson Fiber Network, Inc. ("Hudson Fiber" or "Petitioner"), by its counsel and pursuant to N.J.S.A. 48:2-51.1, and the regulations of the Board of Public Utilities ("Board"), filed a verified petition with the Board requesting approval of a change in control as the result of a Stock Purchase Agreement ("Transaction"). Following the proposed Transaction, Hudson Fiber will continue to offer the same services in New Jersey at the same rates, terms, and conditions.

BACKGROUND

Hudson Fiber is a privately held New Jersey Corporation with principal offices located in Paramus, New Jersey. According to the Petition, Hudson Fiber provides telecommunications services to global trading enterprises, principally utilizing trading and communications equipment interconnected using resold private lines or IP-based transport services. Hudson Fiber provides its systems and services to financial services firms, as well as to public safety, government, power, energy and utility, and transportation organizations. Hudson Fiber is based in New Jersey and has approximately 16 employees. In New Jersey, Hudson Fiber is authorized to provide local exchange and interexchange telecommunications services. See Order, In the Matter of the Petition of Hudson Fiber, Inc. for Approval to Provide Local Exchange and InterExchange and Telecommunications Services Throughout the State of New Jersey, Docket No. TE10050365 dated August 18, 2010. Additional information of Hudson Fiber may be found in that Order.

Hudson Fiber Holdings, Inc. ("Holdings"), formed under the laws of Delaware and for the purposes of this transaction, is presently a wholly-owned subsidiary of Tiger Infrastructure Partners Fund L.P. ("Tiger"), a limited partnership also formed under the laws of Delaware. Tiger is a middle-market private equity firm based in New York and London. The petition states that Tiger invests in energy, transportation and communications infrastructure businesses and related sectors.

DISCUSSION

As described in the petition, pursuant to a stock Purchase Agreement, by and among Hudson Fiber, Holdings, and the stockholders party thereto, dated as of September 16, 2014, (the "Purchase Agreement") Holdings will acquire 100% of the ownership interests of Hudson Fiber as follows: (i) Holdings will acquire 60% of the outstanding shares of Hudson Fiber in exchange for cash consideration, (ii) the stockholders of Hudson Fiber will exchange the other 40% of the outstanding shares of Hudson Fiber held by the such stockholders for common stock in Holdings, and (iii) in connection with the transactions contemplated by the Purchase Agreement, Hudson Fiber will issue a dividend at the closing to its existing stockholders. Upon completion of the transaction, Hudson Fiber will be 100% owned by Holdings. Holdings in turn will be owned 60% by Tiger, 18% by Brett Diamond, a transferor and a US citizen, 18% by Keith Muller, a transferor and a US citizen, and 4% by Ande Hornig, a transferor and a US citizen.

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.

The Petitioner states that the proposed transaction will be transparent to Hudson Fiber's customers and will not result in any change to the services received by customers, including rates, terms and conditions of service. Petitioner asserts that following the transaction, Hudson Fiber will also continue to receive services under the Hudson Fiber brand name and with the same assets providing those services. Further, the petition states that the transaction would have no immediate effect on the operations or employees of Hudson Fiber.

Petitioner states that because Hudson Fiber does not propose to depart the State of New Jersey as a result of the proposed transaction, it does not seek approval to discontinue customers nor does it propose to undertake any migration of customers as contemplated by the Board's mass migration rules. N.J.A.C. 14:10-12.1 et seq. Hudson Fiber's customers will continue to receive services under the same facilities as prior to the transaction. Accordingly, Hudson Fiber requests that the Board determine that the provisions of N.J.A.C. 14:10-12.1 et seq. do not apply to the proposed transaction.

The New Jersey Division of Rate Counsel has reviewed this matter and, by letter dated November 13, 2014, states that it does not object to Board approval of the Petition and further states that it does not object to the Petitioner's request for a waiver of the Board's Mass Migration rules in this instance, agreeing with Petitioner that this transaction will not entail the mass migration or transfer of the customers from one company to another and that customer notice may indeed lead to customer confusion, and therefore the approval of the requested waiver is justified.

FINDINGS AND CONCLUSIONS

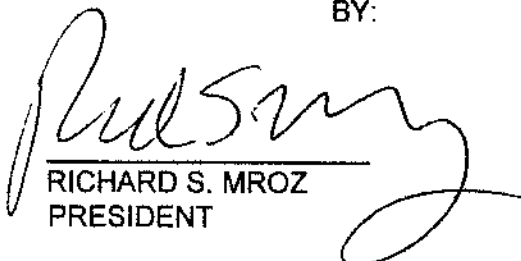
After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since Hudson Fiber's New Jersey customers will continue to receive the same services at the same rates, through the same assets, provided by the same employees 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 Petitioner as the transaction will strengthen Petitioner's competitive posture in the telecommunications market. In addition, the Board is persuaded that Petitioner will make every effort to minimize any potential adverse impact to employees in New Jersey.

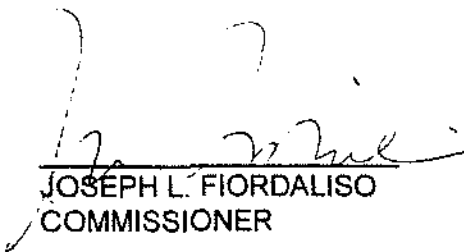
Accordingly, the Board **FINDS** that the pro forma change will have no material impact on the rates of current customers, or on employees. As for the request for the Board to make a determination regarding mass migration regulations and a waiver of the notice requirements of N.J.A.C. 14:1-5.14(b)(12), the Board **FINDS** that invoking those rules is not necessary in this instance and the request for waiver is **HERBY GRANTED**. 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 Petitioner shall notify the Board of the closing of the proposed transaction within seven (7) days of consummation.

This Order shall be effective December 18, 2014.

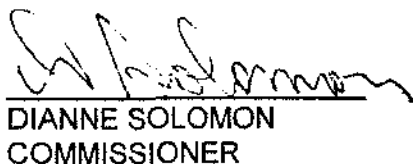
DATED: 12/17/14

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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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FOR AUTHORITY TO COMPLETE A TRANSFER OF CONTROL OF A REGULATED
TELECOMMUNICATIONS ENTITY PURSUANT TO N.J.S.A. 48:2-51.1
DOCKET NO. TM14091065

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